School: Tiomkin School of Economics B.A

Macroeconomics I

Lecturer:
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Tutors:
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Teaching Assistant:
CPA Arad Simon arad.simon@post.idc.ac.il

Course No.: 9020
Course Type: Lecture
Weekly Hours: 6
Credit: 5

Course Requirements: Final Exam

Group Code: 201902006

Language: English

Prerequisites
Course Description

OVERVIEW: This course is about the basic components of a macroeconomic model. We will discuss issues related to consumption, investment, labor markets, and production, and use these models to present some of the currently open question in macro. The first few weeks will be dedicated to learn these basic modeling tools. We will then apply these tools to issues of economic growth, fluctuations, and policy.

Our “building blocks” rely on firms and household optimization, government spending and taxation, and the interaction between them. We will analyze the labor market, the goods market, and the market for assets separately, and then look at a general equilibrium. Towards the end of the term we may discuss the basics of monetary policy. This course requires analytical thinking and calculus. Therefore, we will occasionally refresh your knowledge of derivatives, optimization, log rules, etc.

Course Goals

There are a few goals for this course. First is to introduce important (and sometimes still open) issues in macroeconomics. A second goal involves learning the basic principles of theories that are heavily used in macroeconomic research. This leads to a third goal, which is to study how economic models work -- from assumptions (in words) to models (in equations) to conclusions. Finally, besides theory, we will dedicate some effort to look at relevant data and suggest difference ways to interpret the data. When possible, problem sets will include questions that require searching and presenting data.

Grading

Final Exam – 90%

Prerequisite:

9007 – Mathematics I for Economics
9008 – Mathematics II for Economics
9009 – Statistics I for Economics
9010 – Statistics II for Economics
9017 – Principles of Macro Economics OR 9684 – Principles of Macro Economics
9115 – Principles of Micro Economics OR 9682 – Principles of Micro Economics
The exam will be structured as follows:

- 6 multiple choice questions, 6 points each, where you receive half the points for the correct answer and half for explaining your answers.
- Two long questions, 32 points each
- A formula sheet will be provided with the exam. No other material and/or self prepared formula sheet is allowed

**Problem Sets** – 10% (You are required to submit 5, and receive 2% for each):

- Problem sets will not be given every week and will be assigned based on subjects (I assume there will be six in total, but that will depend on our progress).
- Problem sets may be long; the typical structure will be: (i) 2-4 questions that you have to submit, including at least one data assignment; (ii) 1-2 questions that you don’t have to submit, and will be discussed in detail in TA session after submission; (iii) (sometimes) extra questions/examples with full solutions for practice.
- Problem sets will be due Sunday night, and typically the two following TA sessions will be dedicated to going over the problem set questions and/or close examples.
- A full solution will be posted on Moodle

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**Lecturer Office Hours**

Sunday 14:30-15:30, PE 412

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**Tutor Office Hours**

**Tutor: Arad Simon** ([aradsimon12@gmail.com](mailto:aradsimon12@gmail.com))

TA Session hours: Monday 13:45 – 15:15

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**Teaching Assistant**

**Tutor: Arad Simon** ([aradsimon12@gmail.com](mailto:aradsimon12@gmail.com))

TA Session hours: Monday 13:45 – 15:15
TEXT: There is no official textbook for this course. Two useful books that you can use as reference:


Abel, Bernanke, and Croushore, *Macroeconomics*, 9th Edition (ABC, hereafter; earlier editions are OK too)

**An important note about the books:** these books should be used as reference, not as the main source of studying. Some portion of the material will be close to the description in the two books. The two books have different styles but both are well written and provide good description of certain subject that we will cover. HOWEVER, **in class we'll introduce and discuss issues that are not explicitly covered in these books. Moreover, at certain points we'll spend some time discussing extensions of baseline theories and introduce more recent research. Therefore, the first priority should be attending class.**

**Outline:**

Here is the list of subjects we will cover, with the relevant chapter(s) in the books, when applicable. We may make changes to the order as we progress through the term and following your interests.

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<td>2   Consumption and Saving</td>
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<td>3   Production and demand for factors</td>
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<td>3.1,3.2</td>
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<td>4   Investment</td>
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<td>5   Labor supply and the neoclassical labor market</td>
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<td>Fiscal Policy</td>
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