



Course program and reading list

Semester 1 Year 2023

School: Tiomkin School of Economics B.A

Macroeconomics I

Lecturer:

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Tutors:

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Teaching Assistant:

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Course No.:	Course Type :	Weekly Hours :	Credit:
3057	Lecture	4	4

Course Requirements :	Group Code :	Language:
Final Exam	231305704	English

Prerequisites

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

 Course Description

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 and discuss some of the basic question in macro. The first few weeks will be dedicated to learning the basic modeling tools. We will then apply these tools to issues of economic growth, fluctuations, and fiscal policy.


The approach in this course is to build the foundations from microeconomic principles. As such, our "building blocks" rely on firms and household optimization, government spending and taxation, and the interaction between them. We will analyze the labor market and the market for goods separately, and then look at a general equilibrium. Towards the end of the term, and if time permits, we will discuss productivity - a key determinant of long term growth.

As we progress, we will take various "detours" and consider extensions of these basic building blocks in order to present and discuss some modern research in macro. The COVID-19 crisis has some natural implications with regards various topics in this course, hence we will include short discussions these implications as well, where applicable.

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 and sometimes policy. 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 – 100%**

The exam will be structured as follows:

6 short questions, 6 points each. Two long questions, 32 points each

In the event that the exam takes place in class, a formula sheet will be provided with the exam. No other material and/or self prepared formula sheet is allowed.

Problem Sets – a bonus of up to 5 points. You will receive 5 or 6 problem sets throughout the term, and will get 1 bonus point for each submission (up to a maximum of 5 points).

Problem sets will not be given every week and will be assigned based on subjects (I assume there will be five or 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 Wednesday 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.

You are strongly encouraged to work in groups on problem sets, but each of you has to submit an individual problem set.

A note regarding problem sets: some questions are repetitive from previous years. However, note that we do change questions from one year to the next. Copying directly from previous solutions will lead to zero bonus points for the entire semester. To be clear: if you get caught once, you receive no bonus points at all, regardless of how many problem sets you have submitted.



Lecturer Office Hours

Wednesday 10:00 - 11:00 on zoom

A permanent link to office hours on zoom will be posted on Moodle.

If you have questions you can always email me at yanivyl1@gmail.com or yanivyedid-levi@post.runi.ac.il



Teaching Assistant

Yoav Hochberg (email address: hochbergyoav1@gmail.com)

Yoav will be in charge of grading your problem sets and keeping track of submissions.

Please contact him with any administrative questions regarding the problem sets.

For questions regarding the course material (and all other questions) please contact the lecturer (Yaniv)



Additional Notes

Please note that in accordance with school policy, the lectures will not be recorded.

Recitations, which are more technical in nature, will be recorded and uploaded to Moodle.

Attending class should be your first priority!

 Reading List

There is no official or required textbook for this course. Therefore the information below is for those of you who seek further reference.

An important note about the book: the book should be used as reference, not as the main source of studying. Some parts of the material will be close to the description in the book. Note that in class we will introduce and discuss issues that are not explicitly covered in the book. We may also use different notation. Moreover, at certain points we'll spend some time discussing extensions of baseline theories and introduce more recent research. **Therefore, the priority should be attending class, understanding the (fairly detailed) lecture slides, and putting a serious effort in doing the problem sets.**

In addition, papers and other readings may be assigned occasionally.

Garin, Julio, Lester, Robers, and Sims, Eric, "Intermediate Macroeconomics" (GLS, hereafter).

This is a free online book that includes a wide range of topics that can be covered in a course on macroeconomics. You can download a PDF version of the book using this link https://www3.nd.edu/~esims1/gls_textbook.html

	Subject	GLS
1	Introduction and review of macro data	1-3
2	Consumption and Saving	9-10
3	Production and the demand for factors	12.1
4	Investment	12.1
5	Equilibrium in the goods market	12.4
6	Labor supply and the neoclassical labor market equilibrium model	12.2
7	Extensions: unemployment and current labor market issues	17.1-17.4 + Lecture slides

8	Fiscal Policy	9.4.3, 13
9	General Equilibrium	18
10	Productivity (if time permits)	7.3 + Lecture slides
11	The effects of shocks and policy in the neoclassical model (if time permits)	19, 20, 22

There are other textbooks in macroeconomics that can be used as reference. I list the books here without detailed chapters.

Two other books provide a slightly less technical and more graphical and intuitive explanation of the material. Both books are very well written and very clear. By now they have multiple editions, and some copies should be available in the library (there is no particular need to look for the latest edition):

"Macroeconomics" by Abel, Bernanke, and Croushore And

"Macroeconomics" by Charles Jones