

SUBJECT TEACHING GUIDE

G1823 - Dynamic Macroeconomics

Degree in Economics

Academic year 2019-2020

1. IDENTIFYING DATA			
Degree	Degree in Economics	Type and Year	Compulsory. Year 3
Faculty	Faculty of Economics and Business Studies		
Discipline	Subject Area: Macroeconomics Module: Training in Economic Analysis		
Course unit title and code	G1823 - Dynamic Macroeconomics		
Number of ECTS credits allocated	6	Term	Semester based (2)
Web			
Language of instruction	English	Mode of delivery	Face-to-face

Department	DPTO. ECONOMIA		
Name of lecturer	VIRGINIA SANCHEZ MARCOS		
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Other lecturers	NAMKEE AHN JUNG		

3.1 LEARNING OUTCOMES

- Solving a general-equilibrium model and comparing it to the efficient allocation (planner's problem).
- Using dynamic models to evaluate public policies
- Improving the capacity to test economic theories using data.

4. OBJECTIVES

Objetivos

First this course is an introduction to dynamic macroeconomic models as a tool to address macroeconomic questions and policy evaluation. This course provides the base for other advance courses such as Economic Growth and Monetary and Financial Economics. Second the course addresses several important theoretical results related to consumption, fiscal policy, public pensions and business cycles. Finally the student learns how to evaluate empirically the economic models.

6. COURSE ORGANIZATION

CONTENTS

1	<p>Bloques Organización</p> <p>1. CONSUMPTION AND SAVING THEORY</p> <p>a. The saving decision in a basic partial equilibrium model</p> <p>b. Comparative statics: (i) income and (ii) interest rate</p> <p>c. Model extensions: (i) borrowing constrains, (ii) labor supply decisions, (iii) uncertainty</p> <p>d. Testable implications and model evaluation</p>
2	<p>2. A BASIC DYNAMIC GENERAL EQUILIBRIUM MODEL</p> <p>a. Household problem</p> <p>b. Firm problem</p> <p>c. Markets</p> <p>d. Definition of General Equilibrium</p> <p>e. Steady state equilibrium and the Balanced Growth Path</p> <p>f. Dynamic inefficiency</p>
3	<p>3. MACROECONOMIC IMPLICATIONS OF TAXES AND PUBLIC PENSION SYSTEMS</p> <p>a. The effect of consumption taxes and income taxes on households' decisions</p> <p>b. Ricardian equivalence</p> <p>c. The Lucas' critique</p> <p>d. General equilibrium models for policy evaluation</p> <p>e. Public debt sustainability</p> <p>f. Public pension systems</p>
4	<p>Bloques Organización</p> <p>4. BUSINESS CYCLES</p> <p>a. Characterization of business cycles</p> <p>b. Shocks and transmission mechanisms</p> <p>c. A basic real business cycle model</p> <p>d. Testable implications and model evaluation</p> <p>e. Public policies</p>

7. ASSESSMENT METHODS AND CRITERIA

Description	Type	Final Eval.	Reassessn	%
Final exam	Written exam	Yes	Yes	60,00
Partial exam	Written exam	No	Yes	20,00
Partial exam	Written exam	No	Yes	20,00
TOTAL				100,00
Observations				
In case the student fails to pass in June, the grade in September would be based 100% on the final exam.				
Observations for part-time students				
Part-time students have two alternatives for their evaluation. First they can follow continuous evaluation as full-time students. Second they can choose to be graded exclusively by the final exam.				

8. BIBLIOGRAPHY AND TEACHING MATERIALS

BASIC

Wickens (2008). Macroeconomic Theory. Princeton University Press. Chapters 4,5,6 and 14.