

## SUBJECT TEACHING GUIDE

G1823 - Dynamic Macroeconomics

### DOUBLE DEGREE IN ADMINISTRATION AND BUSINESS MANAGEMENT AND ECONOMICS

Degree in Economics  
Academic year 2021-2022

| 1. IDENTIFYING DATA              |   |                  |   |
|----------------------------------|---|------------------|---|
| Degree                           | DOUBLE DEGREE IN ADMINISTRATION AND BUSINESS MANAGEMENT AND ECONOMICS |                  | Type and Year<br>Compulsory. Year 4<br>Compulsory. Year 3 |
| Faculty                          | Faculty of Economics and Business Studies                             |                  |   |
| Discipline                       | Subject Area: Macroeconomics<br>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  |
| E-mail           | virginia.sanchez@unican.es   |
| Office           | Edificio de las Facultades de Derecho y Ciencias Económicas y Empresariales. Planta: + 1.<br>DESPACHO PDI (E154) |
| 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>   |
| 5 | <p>5. UNEMPLOYMENT</p> <p>1. Introduction</p> <p>2. Matching model</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         |
| <b>TOTAL</b>   |              |             |           | <b>100,00</b> |
| <b>Observations</b>  |              |             |           |               |
| In case the student fails to pass in June, the grade in September would be based 100% on the final exam.   |              |             |           |               |
| If the evaluation has to be online, the weight of each of the midterm exams would be 30% and the weight of the final exam would be 40%.  |              |             |           |               |
| <b>Observations for part-time students</b>   |              |             |           |               |
| 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.