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Office hours: Wednesday 12:00-14:00.

PROGRAM

0. Preliminaries

1. Consumption and investment

Intertemporal choice; wealth, future income, interest rate; credit constraints; permanent income and expectations; Ricardian theory, public debt and future taxes; marginal product and capital cost.

Me and Ms 16 ; 15.4 ; 17.1 (AB 4.1-2 ; 15.3)

2. Money and inflation

Functions of money; money supply and demand; quantity theory of money; price level and inflation; nominal and real interest rates; the inflation tax and its costs.

Me 4 ; 18.1 Ms 7 ; 18.1 (AB 7 ; 12.3 ; 14.1)

3. Aggregate demand

The goods market and the IS curve; asset market and LM curve; shocks, fiscal and monetary policy, shifts of the curves; aggregate demand curve.

Me and Ms 10 ; 11.1-2 y Appendix (AB 4.3 ; 9.2-3 ; 9.6)

4. Aggregate supply

The labor market; equilibrium and the natural rate of unemployment; long-run aggregate supply curve; misperceptions, price and wage rigidities, expectations; short-run aggregate supply curve.

Me and Ms 3.1-2 ; 6 ; 9.3 ; 13.1 (AB 3 ; 9.1 ; 9.6 ; 10.3 ; 11.1-2)

5. Business fluctuations

Business cycles; shocks, fiscal and monetary policy, aggregate demand and supply; output and price adjustment.

Me and Ms 11.1-2 ; 13.1.5 ; 19 (AB 8 ; 9.4-6 ; 10 ; 11.3-4)

6. Open Economy

Net exports; capital movements; nominal and real exchange rates.

Me 5 Ms 8 (AB 5.2-3 ; 13.1-2)

Recommended textbooks:

Mankiw, *Macroeconomics*, 5th edition, Worth, 2003.

Mankiw, *Macroeconomía*, 4^a edición, Antoni Bosch, 2000.

Abel, Bernanke, *Macroeconomía*, 4^a ed., Pearson, 2004.

References are to chapters and sections of Mankiw (Me: English), (Ms: Spanish) and Abel-Bernanke (AB).