



INTERAMERICAN UNIVERSITY OF PUERTO RICO
METROPOLITAN CAMPUS
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

SYLLABUS

I. GENERAL INFORMATION

TITLE	:	THEORY OF MACRO ECONOMY
CODE & NUMBER	:	BADM 7223
CREDITS	:	3 (THREE)
ACADEMIC TERM	:	
PROFESSOR	:	
OFFICE HOUR	:	
PHONE NUMBER	:	
MAIL ADDRESS	:	

II. COURSE DESCRIPTION

Review of the macroeconomic theory and policy in open economies and the adjustment problems according to different approaches. Comparison of the macroeconomic policy in open economies under flexible and fixed exchange rates.

III. OBJECTIVES

At the end of the course, students will be able to:

1. Compare the five fundamental national income accounts of the Puerto Rico Social Accounting system, its input-output accounting system and its macroeconomics theoretical framework.
2. Discuss the major theories of macroeconomic behavior, classical, neoclassical, Keynesian and post-Keynesian.
3. Evaluate the effect of the government's fiscal and monetary policies on economic agents in an open economy.
4. Apply economic theories and models as a method of analyzing and solving problems on macroeconomic policies.
5. Derive and build macroeconomic models.

IV. CONTENT

- A. Introduction to Advance Macroeconomics Issues and Measurement
 - 1. Macroeconomics Issues
 - 2. Measurement of Macroeconomics: Variables and Parameters
- B. Macroeconomic Principles: Keynesian, New Keynesian and Post-Keynesian Macroeconomics
 - 1. The Keynesian Revolution
 - a. Determination of Aggregate Demand and Supply: The IS-LM Model
 - b. Critiques of IS-LM Model
 - c. The Neo-Classical Synthesis
 - 2. The Monetarist Counter-Revolution
 - 3. Rational expectations and New Classical Macroeconomics
 - 4. New Keynesian ideas
 - 5. Approaches to macroeconomic policy
- C. Open Economy Macroeconomics
- D. Macroeconomics of Technological Change and Economic Growth
- E. The Business Cycle

V. ACTIVITIES

- A. Students should read the material before the discussion in class.
- B. Groups of 2 or 3 students will be formulated to present and discuss some topics in class.
- C. Students are required to search for some topics, literature, and financial practices in the internet to select their research questions that are part of the evaluation.

VI. EVALUATION

Examination

During the semester, two regular examinations will be given (mid-term and final). Both will be worth 50% and will be comprised of essay, short answer, and applied problem questions. The final will be partially comprehensive in nature.

Paper

A research paper worth 25% is required for each student. The paper should cover the macroeconomic factors that influence the behavior of a specific industry of firm. Further information concerning the paper will be presented in class.

Your course grade will be a weighted average of your grades:

Exams (2).....	50%
Research Paper.....	40%
Problem sets.....	10%
Total.....	100%

VII. SPECIAL NOTES

Auxiliary Services or Special Needs Services

Students that require special auxiliary services or special assistance must visit the office of Mr. José Rodríguez, at the University Orientation Program located at the first floor of Harris Building, at the beginning of the course or as soon as the knowledge for the need of such services is acquired.

Honesty, Fraud, and plagiarism Student General Regulation, Chapter 5

The lack of honesty, fraud, plagiarism and any other inappropriate behavior in relation to the academic work constitute major infringement sanctioned under the Student General Regulation. Major infractions, as provided by the regulation under student infringements can have as a result the suspension of the University for a defined period of time greater than a year or permanent expulsion from the University, among other sanctions.

Use of Electronic Devices

Cellular (mobile) telephones and any other electronic device that could interrupt the teaching-learning process or disrupt a milieu favorable for academic excellence will be deactivated. Critical situations will be dealt with in an appropriate manner. The use of electronic devices that permit the accessing, storing or sending of data during tests or examinations is prohibited.

VIII. EDUCATIONAL RESOURCES

Recommended References:

David Romer (2011), Advance Macroeconomics, 4th edition, McGraw-Hill
ISBN-10: 0073511374 ISBN-13: 978-0073511375

Mankiw, N. Gregory. (2010). Macroeconomics, 7th edition. New York:Worth Publishers,
ISBN-10: 1429218878, ISBN-13: 978-1429218870

David N. DeJong & Chetan Dave (2011), Structural Macro-econometrics, 2nd edition),
<http://press.princeton.edu/catalogs/subjects/fin.html>, ISBN: 9780691152875

IX. BIBLIOGRAPHY

Useful and Classical References

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Caselli, F. "Technological Revolutions." *American Economic Review* 89, no. 1 (March 1999): 78-102.

Beaudry, Paul, and David Green. "Wages and Employment in the US and Germany: What Explains the Difference?" *American Economic Review* 93, no. 3 (June 2003): 573-602.

- Acemoglu, D. "Why do New Technologies Complement Skills? Directed Technical Change and Wage Inequality." *Quarterly Journal of Economics* 113, no. 4 (November 1998): 1055-89.
- Zeira, J. "Workers, Machines, and Economic Growth." *Quarterly Journal of Economics* 113, no. 4 (November 1998): 1091-1117.
- Cooley, T., and M. Yorukoglu. "Innovation and Imitation in an Information Age." *Journal of the European Economic Association* 1, no. 2-3 (April-May 2003): 406-18.
- Kremer, Michael. "The O-Ring Theory of Economic Development." *Quarterly Journal of Economics* 108, no. 3 (August 1993): 551-75.
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- Jovanovic, B., and P. Rousseau. "Two Technological Revolutions." *Journal of the European Economic Association* 1, no. 2-3 (April-May 2003): 419-28.
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- Foellmi, Reto, and Josef Zweimuller. "Heterogeneous Mark-ups, Demand Composition, and the Inequality-Growth Relation." *Royal Economic Society Annual Conference* 2002.
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- Saint-Paul, Gilles. "Growth Effects of Non Proprietary Innovation." *Journal of the European Economic Association* 1, no. 2-3 (April-May 2003): 429-39.
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