

Introduction to Macroeconomics

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Intro to Macro

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Program

- Topic 1: Introduction and preliminaries
- Topic 2: Flows, stocks, and production function
- Topic 3: GDP and National Accounts
- Topic 4: The basic macroeconomic model
- Topic 5: Price indexes
- Topic 6: Money
- Topic 7: Inflation
- Topic 8: Unemployment
- Topic 9: Fiscal and monetary policy
- Topic 10: International trade and tariffs
- Topic 11: Exchange rates
- Topic 12: Growth

Textbooks

- N.G. Mankiw (2007), *Principles of Macroeconomics*. Thomson. 4th Edition.
- J. Diaz-Gimenez (1999). *Macroeconomia: primeros conceptos*. Antoni Bosch Editor.

Classes and exam

- Theory classes plus exercise classes (7). 4 tests in class (they give no extra points).
- Grading policy: 90% final exam plus 10% mid-term exam.
- Final exam: 20 multiple choice questions (with penalties for wrong answers).

Program

1. Introduction and preliminaries
2. Flows, stocks, and the production function
3. GDP and National Accounts
4. The basic macroeconomic model
5. Price indexes
6. Money
7. Inflation
8. Unemployment
9. Fiscal and monetary policy
10. International trade and tariffs
11. Exchange rates
12. Growth

Preliminaries

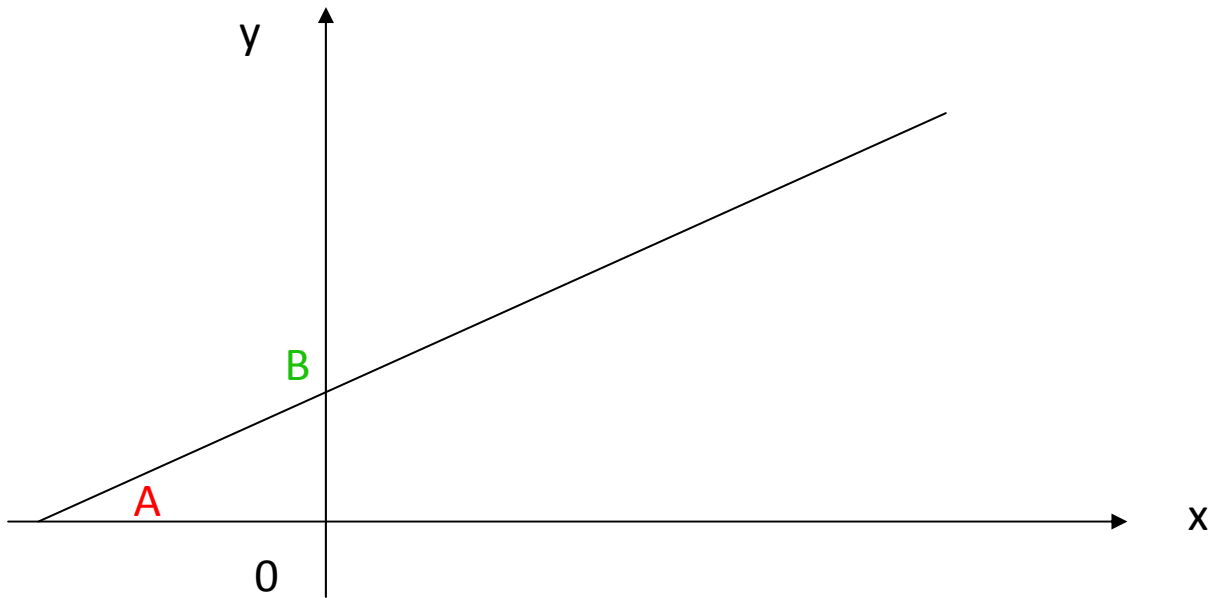
- **Linear Equations**
- **The Equation of a Line**
- **Functions**
- **The Opportunity Cost**

Equation of a line

$$y = Ax + B$$

Slope

Intercept



Functions

Definition of a function

A Function associates to each element of the x-axis one and only one element of the y-axis

The Opportunity Cost

The opportunity cost of using resources for some purpose is given by the best alternative use for those resources

Example 1 : a firm owns a building

- it does not pay rent: there is no accounting costs
- but there is an opportunity cost: the payment the firm could obtain by renting out the building to another firm

Example 2:

Sheila works in her own shop

- she does not pay herself a salary: there is no accounting cost
- but there is an opportunity cost: the wage she could earn elsewhere