



Universidad
de Alcalá

COURSE GUIDE

MACROECONOMICS I

**Degree in Economics and International
Business**
University of Alcalá

Academic Year 2020/2021
Second year – First semester

COURSE GUIDE

Name of subject:	Macroeconomics I
Code:	360010
Degree:	Degree in Economics and International Business
Department and area:	Economics Foundations of Economic Analysis
Type:	Compulsory
ECTS Credits:	6 ECTS
Year and Semester:	2nd Year, 1st Semester
Faculty:	Sonia Quiroga sonia.quiroga@uah.es
Office hours:	Students may meet instructors by appointment during office hours (timetable to be established at the beginning of the course)
Language:	English

1. INTRODUCTION

This intermediate course on Macroeconomics offers an overview of concepts and basic theories of modern economics with emphasis on the production business cycle and changes in employment and prices. The primary aim of the course is to explain the functioning of the economy in the short and medium run. Students are expected to acquire the necessary skills to apply basic macroeconomic concepts and theories to real world economic problems such as recession, unemployment, inflation, etc. To this end, the course aims to provide students with an understanding of the actual functioning of macroeconomic policies (fiscal, monetary or supply-side) so that they are able to evaluate their adequacy in specific contexts.

The programme is structured in 3 parts, and presented as follows:

- (i) Introduction to macroeconomics
- (ii) Short run macroeconomics
- (iii) Macroeconomics in the Short and Medium run

Previous knowledge required: course on 'Introduction to Economics'

2. LEARNING OUTCOMES

General learning outcomes:

1. To reach a basic skill level of analytical thinking in fundamental macroeconomic analysis.

2. Develop the students' ability to diagnose macroeconomic problems together with their practical skills in order to apply theories and techniques within basic macroeconomic model to real-world situations.
3. Learning by using new technologies to gather primary data and manage relevant information for the comprehension of macroeconomics.
4. Use economic theory to understand macroeconomic problems and evaluate different economic policy proposals.

Specific learning outcomes:

1. Introduce the main technical vocabulary and key concepts used in macroeconomic theory.
2. Ability to actively participate in debates on current economic policy matters in Spain, the European Union and other countries in the world.
3. Ability to provide a critical assessment of economic newspaper articles and reports on macroeconomic issues.
4. Ability to undertake group work by discussing problems and insights with others while defending an argument.
5. Ability to interpret basic National Accounts data in order to infer economic hypothesis based on that data.

The University of Alcalá guarantees that, if on-site teaching is totally or partially prevented by health authorities due to health requirements, courses programmes will be completed through online teaching-learning methodologies and online assessment procedures. Teaching activity will return to on-site format as soon as health impediments are over.

6.

3. SYLLABUS

Module Contents	Total lecture sessions, credits and hours
<p><u>PART I: Introduction</u> Topic 1. What is macroeconomics about? Which problems does macroeconomics tackle? The most important macroeconomic variables in Spain, Europe and the world. Macroeconomic policy. The short run, the medium run, and the long run in macroeconomics.</p>	<p>3 sessions</p> <ul style="list-style-type: none"> • 1 topic • 2 theoretical lectures • 0.5 practical sessions • 0.5 article discussion
<p><u>PART II: Short run Macroeconomics.</u></p> <p>Topic 2. The Goods Market. The components of goods demand in a closed economy: consumption, investment and public expenditure. The goods market equilibrium. The Keynesian multiplier.</p> <p>Topic 3. Financial Markets. Financial wealth and financial assets demand. The demand for money. The equilibrium of the Money Market and the determination of interest rates. The control of the Money Supply by the Central Bank.</p> <p>Topic 4. Goods and Financial Markets: The IS-LM model. The interest rate, investment, and economic activity: the IS relation. Economic activity, demand for money and the interest rate: the LM relation. The IS-LM model, the macroeconomic equilibrium in the short run. Monetary policy and fiscal policy in the IS-LM model.</p> <p>Topic 5. The Open Economy. The Goods Market in an Open Economy. Output, Interest rates and Exchange rates. Real and nominal exchange rates. The IS-LM model in an Open Economy.</p> <p>Topic 6. Economic policy in an Open Economy. Output and trade balance. Exchange rates fluctuations and output. Marshall-Lerner condition. Exchange rate regimes and policy combination.</p>	<p>16 sessions</p> <ul style="list-style-type: none"> • 5 topics • 8 theoretical lectures • 5.5 practical sessions • 1.5 article discussion. • 1 evaluation session

<p>PART III: Macroeconomics in the short and medium run.</p> <p>Topic 7. The Labour Market and the unemployment rate. Demand and Supply of Labour. Wage determination and negotiations. Firms' competition and price determination. The simultaneous determination of real wages and prices in the medium run. Medium run labour market equilibrium and the Natural Rate of Unemployment.</p> <p>Topic 8. The short and medium run: simultaneous determination of output and prices in an AS-AD model. Prices and Output: Aggregate Demand relation. Fiscal and monetary policy, demand shocks. The adjustment process. Employment, output and prices: Aggregate Supply relation. Labour Market reform, Price competition policies and Aggregate Supply. The adjustment process.</p> <p>Topic 9: The Unemployment rate and Inflation: the Phillips curve. Inflation, expected inflation and the unemployment rate. The Phillips curve and the AS relation. Non-accelerating Inflation Rate of Unemployment (NAIRU). The variation of the natural rate of unemployment in time.</p> <p>Topic 10: Inflation, unemployment rate, output growth and nominal money growth. Output growth and the unemployment rate: Okun's Law. The interactions between employment, output and nominal money growth. Inflation reduction: the sacrifice rate. Alternative views of anti-inflation policies.</p>	<p>5 sessions</p> <ul style="list-style-type: none"> • 4 topics • 4 theoretical lectures • 3,5 practical sessions • 0.5 article discussion. <p>1 evaluation session</p> <p>1 final exam</p>
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4. TEACHING-LEARNING METHODOLOGIES-PRACTICAL WORK

4.1. Distribution of credits (in hours)

<p>Number of classroom hours: 42</p>	<ul style="list-style-type: none"> - Number of classroom hours: 42 - Theoretical lectures: 21.5 - Practical classes and seminars: 20.5 <ul style="list-style-type: none"> o Exercises: 16 o Debate: 4.5 - Exams: 3
<p>Number of hours of independent study: 108</p>	<ul style="list-style-type: none"> • Hours of independent study: 41

	<ul style="list-style-type: none"> • Preparation and completion of exercises: 27 • Assignments and practical activities in virtual setting: 15 • Preparation of exams: 25
Total hours 150	

4.2. Methodological strategies, materials and didactic resources

Classwork	<ul style="list-style-type: none"> • Theoretical sessions <p>In these classes the lecturer will develop the basic concepts of each topic in the programme. These lectures will guide students through the work they need to complete.</p> <ul style="list-style-type: none"> • Practical sessions <p>The professor will develop practical examples of the issues and key concepts studied in theoretical lectures. The aim of these sessions is to apply topics discussed in the theoretical sessions to case studies. Whenever possible, these practical classes will take place in the computing classroom in order to have access to online data and information.</p> <p>The instructor will prepare <i>ad-hoc</i> materials for the students, including: exercises, (online) evaluations, research and economic policy papers and others. The students will develop part of their work within the virtual platform (Blackboard), which will offer access to these materials, including online evaluations, and will facilitate communication between lecturer and students.</p>
Independent Work	<p>Students expected to read and understand recommended materials. They also have to solve practical activities and exercises online and during the lessons.</p>
Tutorials	<p>Tutorials are optional for students and they can be carried out individually or in groups. Consultation hours will be communicated to the students at the beginning of the course.</p>

5. ASSESSMENT: Procedures, assessment criteria and grading system

Assessment criteria

The assessment criteria for this subject are designed to evaluate the acquisition of theoretical and practical skills based on the contents covered during the lessons and in recommended materials (including those covered through independent work).

Assessment may follow two possible routes:

1. Continuous assessment throughout the course.
2. A final assessment through a single exam (January) and an examination during the re-sit examination period (June).

These alternatives are explained below:

1. Continuous assessment

This assessment requires students to complete ALL following items:

- A. Deliver weekly assignments (exercises, essay writing, etc.) that are designed as practical learning tools. Students will be evaluated placing emphasis on the effort put into the work, rather than academic performance. (10% of the final grade).
- B. Online problem-solving: Students will be provided with self-assessment tools for each topic (only the student will know the results; lecturers will only know who has used the tools).
- C. Three assessment tests through the Blackboard platform (15% of the final grade). Students will be required to complete an online assessment for each part of the course program.
- D. Two exams (75% of the final grade). The first exam will cover the topics in sections I and II and the second exam will cover those in section III. These assessments will evaluate students' key knowledge of the main topics in the course.

Requirements to pass the course through continuous assessment:

Students who pass **the two exams** and reach at least 5 points in the continuous assessment will pass the course and be awarded a grade ranging from Pass to Excellent.

Grading System

Grading scale with numerical and qualitative ratings:

0.0-4.9	Fail (Suspenso)
5.0-6.9	Pass (Aprobado)
7.0-8.9	Good (Notable)
9.0-10	Very good (Sobresaliente)
9.5-10	Excellent (Matrícula de Honor) (limited to 5% of students in the standard examination session)

2. Final Assessment

Students who do not pass the continuous assessment or those who choose the final assessment option for this course must take a final exam in June according to the

schedule previously established by the Faculty. This exam will contain theoretical and practical questions. In order to pass students must obtain a minimum of 5 points.

Clarifications

For any circumstances not referred to in this course description, the regulations governing learning assessment procedures, which were approved by the Governing Council on March 24 2011, will be followed. Students must attend all exams bringing their ID and the University's Intelligent Electronic Student Card.

6. READING LIST

Core Reading

BLANCHARD, O.: Macroeconomics: Global Edition.7/E, Pearson Education, New York, 2017.

BLANCHARD, O., AMIGHINI, A. and GIAVAZZI, F.: Macroeconomics: A European Perspective. 2nd edition, Pearson Education, New York, 2013.

Further reading (especially indicated for the practical sessions):

Blanchard, Olivier, Amighini, Alessia, Giavazzi, Francesco: Macroeconomics. 2nd edition, Pearson Education, New York, 2012.

Dornbusch, R., Fischer, S. and Startz, R.: Macroeconomics, McGraw Hill, 12^a edición 2015.

Mankiw, G.: Macroeconomics, 6th ed., Worth Publishers, 2007