



Universidad
de Alcalá

COURSE GUIDE

MACROECONOMICS I

**Degree in Economics and International
Business**

Universidad de Alcalá

Academic Year 2022/2023

Second year – First semester

SYLLABUS | GUÍA DOCENTE

Nombre de la asignatura:	MACROECONOMICS I
Código:	360010
Titulación en la que se imparte:	Grado en Economía y Negocios Internacionales
Departamento y Área de Conocimiento:	Economía Fundamentos del Análisis Económico
Carácter:	Obligatoria Compulsory
Créditos ECTS:	6
Curso y cuatrimestre:	Second Course First term
Profesorado:	Daniel Fuentes Castro
Horario de Tutoría:	To be published in the Virtual classroom at the beginning of the course
Idioma en el que se imparte:	English

1. Presentation

This course is a first intermediate course on 'Macroeconomics'. The course offers a panoramic view of concepts and basic theories of modern economics with a primary emphasis placed on the production business cycle and variations in employment and prices. The first aim of the course is to explain the functioning of the economy in the short and medium run. A second aim is placed on acquiring skills to apply basic macroeconomic concepts and theories to the real world economic problems such as recession, unemployment, inflation, etc. Thirdly, the course also 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 a particular economic situation.

The programme is structured into 3 parts:

- (i) Introduction to macroeconomics.
- (ii) Short run macroeconomics.
- (iii) Macroeconomics in the short and medium run.

Previous knowledge: a course on Introduction to Economics.

1. PRESENTACIÓN

El curso de 'Macroeconomía I' ofrece una visión panorámica de los conceptos y las teorías básicas necesarias para aproximarse a la comprensión de la situación y las tendencias de las economías modernas, con énfasis en las fluctuaciones de la producción y las variaciones del empleo y de los precios. Los principales objetivos del

curso consisten, en primer lugar, en familiarizar al alumno/a con los principales conceptos y modelos teóricos y que permiten comprender el funcionamiento de la economía en el corto y el medio plazo. En segundo lugar, el curso se propone desarrollar las habilidades necesarias para aplicar tales conceptos y teorías para una mejor comprensión de los problemas planteados en la economía en cada momento, tales como la recesión económica, el paro, la inflación, etc. En tercer lugar, el curso tiene como objetivo ayudar al estudiante a comprender las opciones de política macroeconómica, tales como las políticas fiscal o monetaria y las políticas de oferta, y a desarrollar elementos para evaluar su efectividad y pertinencia dependiendo de la coyuntura económica.

Prerrequisitos y Recomendaciones: Curso de Introducción a la Economía.

2. Competences

Basic and general competences:

CG1. Acquire capacity in the negotiation techniques used by international institutions and companies.

CG2. Ability to analyze data and reports specifically from international sources (companies, international institutions such as the IMF, the WTO or the Bank for International Settlements).

CG3. Interest in updating the permanent requirements of techniques of organization and planning of international business and public activities.

CG4. Ability to assess the multiplicity of social, political, technical, and other factors that converge in international business and institutional decisions.

CG5. Acquire the current ethical criteria that can be permanently updated manifested in the different countries through the anti-corruption codes, international economic rights charters, etc.

CG6. Ability to integrate into interdisciplinary teams that includes people from very different countries and training.

CG7. Scientific and professional curiosity for the permanent use of analytical and conceptual instruments typical of international economic relations.

CG8. Motivation for the search for quality in the professional practice and in its development.

CG9. Curiosity about learning the new techniques and instruments that are continuously used in international interactions.

CG10. Written and oral expression capabilities to be used in different environments.

CG11. Ability to use the English language for the search for information and use of resources in that language, and in the development and presentation of academic activities.

CB1. Students should have demonstrated and understand knowledge in an area of study that starts from the basis of general secondary education and is usually found at a level that also includes some aspects that involve knowledge from the forefront of their field of study.

CB2. Students should know how to apply their knowledge to their work or vocation in a professional way and possess the skills that are usually demonstrated through the elaboration and defense of arguments and the resolution of problems within their area of study.

CB3. Students should have the ability to gather and interpret relevant data (usually within their area of study) to make judgments that include reflection on relevant social, scientific, or ethical issues.

CB4. Students should be able to transmit information, ideas, problems, and solutions to both specialized and non-specialized audience.

CB5. Students must have developed those learning skills necessary to undertake further studies with a high degree of autonomy.

Transversal competences:

- CT1.** Acquire techniques and skills related to professional practice, including the application of the appropriate deontological regulations.
- CT2.** Know the resources available for access to information and use them effectively.
- CT3.** Acquire oral and written communication skills in modern languages, both in professional and other settings of contexts.
- CT4.** Understand the ideas and arguments that are expressed in a foreign language, in writing and orally, both in everyday situations and in professional and specialized contexts.
- CT5.** Handle in an advanced way the office tools most frequently used in a professional environment (word processor, databases, and spreadsheets) and advanced use of electronic communication programs, browsing, and searching for data (e-mail and internet).
- CT6.** Design presentations using software and the ability to structure information appropriately and transmit it clearly and effectively, with a basic knowledge of the functioning of data transmission networks.
- CT7.** Know the main techniques of management, conflict resolution, job selection and motivation of human teams in a work environment with a use of effective strategies in time management.
- CT8.** Plan and develop research in each field of study, according to the academic and scientific requirements that are its own.
- CT9.** To know the history of the University of Alcalá, the functioning of the European institutions and the historical, social, economic, and cultural reality of the European and Ibero-American countries.

Specific competences:

- CE2.** Acquire analytical skills and master the handling of the usual concepts and techniques of modern intermediate microeconomic and macroeconomic theory.
- CE9.** Strengthen and/or acquire mathematical analysis skills for economics.
- CE15.** Acquire the ability to analyze, synthesize and critically summarize economic-business information using quantitative tools in the different economic-business areas.

Learning outcomes of the subject

The main objectives of the subject are to familiarize the student with the main concepts and theoretical models and to understand the functioning of the economy in the short, medium, and long term. The subject also proposes to develop the necessary skills to apply such concepts and theories for a better understanding of the problems always raised in the economy, such as economic recession, unemployment, inflation, growth, development, and so on.

The subject also aims to help the student understand the role of expectations and macroeconomic policy options, such as fiscal and monetary policies and supply policies, evaluating their effectiveness and relevance depending on the economic situation and analysing the determinants of economic development in the long term.

3. CONTENTS | CONTENIDOS

<p style="text-align: center;">Module Contents</p> <p style="text-align: center;">(Introduction. Short-term macroeconomics. The macroeconomics of the short and medium term)</p>	<p style="text-align: center;">Total lecture sessions, credits and hours</p>
<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>4 sessions</p> <ul style="list-style-type: none"> • 1 topic • 2 theoretical lectures • 1. practical sessions • 1 Classroom exercises, tests, and discussion of case studies
<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 practical sessions • 3 Classroom exercises, tests, and discussion of case studies

<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 processes. Employment, output and prices: Aggregate Supply relation. Labour Market reform, Price competition policies and Aggregate Supply. The adjustment processes.</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 • 2 practical sessions • 2 Classroom exercises, tests, and discussion of case studies
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4. TEACHING-LEARNING METHODOLOGIES-PRACTICAL WORK (METODOLOGÍAS DE ENSEÑANZA-APRENDIZAJE.- ACTIVIDADES FORMATIVAS)

4.1. Distribution of credits (in hours)

Number of classroom hours: 42	<ul style="list-style-type: none"> - Number of classroom hours: 42 - Theoretical lectures: 21 - Practical classes and seminars: 21
Number of hours of independent study: 108	<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.</p> <p>The instructor will prepare <i>ad-hoc</i> materials for the students, including: simulation models, spreadsheets, exercises, (online), surveys, evaluations, research and economic policy papers and others.</p> <p>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>

We will collaborate with the professionals of the CRAI-Library so that the students carry out an activity that develops the informational competences in the use and management of the information" As agreed in the last Faculty Board of March 11, 2019, it is important that a university student has informational skills and competences being appropriate that the training is taught by the Library.

5. ASSESSMENT: Procedures, assessment criteria and grading system ¹

Assessment criteria

The assessment criteria for this subject are designed to evaluate the acquisition of general and specific skills and will include both theoretical and practical content covered in class and during the students' personal study.

The student's assessment may follow two possible routes:

1. Continuous assessment along the semester.
2. A final assessment by a single exam (January) and an extraordinary final exam (June or July).

Both alternatives are detailed here forth:

1. Continuous assessment

This assessment requires students to complete ALL following items:

A. Hand-in assignments, exercises, essay writing, etc. that are constructed as practical learning tools. Student's effort more than success will be valued (20% of the final grade).

B. Two exams (80% of the final grade). The first exam will cover topics 1 to 3 and the second one will cover topics 4 to 7. These assessments will evaluate student's key knowledge of the main topics in the course.

Students who reach at least 5/10 points in the two exams (see point B above) and continuous assessment weighted grade (A) pass the course and will obtain a grade ranging from Pass to Starred Distinction.

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 Merit (Notable)

9.0-10 Distinction (Sobresaliente)

9.5-10 Starred Distinction (Matrícula de Honor) (limited to 5% of students in the standard examination session)

2. Final Assessment

Students who choose the final assessment option for this course must take a final exam according to the schedule previously established by the Faculty. This exam will

¹ In accordance to the **Normativa reguladora de los procesos de evaluación de los aprendizajes, enacted by the Consejo de Gobierno of March 24th 2011**, It is important to indicate the evaluation procedures: for example continuous evaluation, final, self-evaluation, co-evaluation. Instruments and evidence: homework, activities criteria or indicators to be assessed in relation to competencies: mastery of conceptual knowledge, applications, transfer of knowledge. For the rating system, it is necessary to remember the **Normativa del Consejo de Gobierno of July 16, 2009**.

contain theoretical and practical questions. In order to pass students must obtain a minimum grade of 5 points.

6. BIBLIOGRAFÍA

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, 12ª edición 2015.

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

7. NOTA INFORMATIVA

The University of Alcalá guarantees its students that, if due to health requirements the competent authorities impede the total or partial face to face teaching activity, the teaching plans would achieve their teaching-learning objectives and will proceed evaluations in online format, which It would return to the face-to-face mode as soon as above said impediments ceased.