



Universidad
de Alcalá

COURSE GUIDE

MACROECONOMICS II

**Degree in International Business and
Economics**

University of Alcalá

Academic Year 2020/2021

Second year – Second semester

COURSE GUIDE

Course Name:	Macroeconomics II
Code:	360015
Degree Course:	Degree in Economics and International Business (ENI)
Subject Area:	Department: Economics Area: Foundations of Economic Analysis
Type:	Compulsory
ECTS Credits:	6 ECTS
Year and Term:	2nd Year, 2nd Semester
Instructors:	Olga Cantó Sánchez (olga.canto@uah.es)
Teaching hours:	Students may meet instructors by appointment (olga.canto@uah.es) during office hours
Language of Instruction:	Spanish and English

1. INTRODUCTION

The content of the course 'Macroeconomics II' complements the panoramic view of modern macroeconomic theory offered in the course 'Macroeconomics I'. The main aim of the course is to familiarize the student with the microeconomic fundamentals of macroeconomics, expanding the short and medium-term analysis addressed in that subject, as well as to examine the role of macroeconomic policies and analyze various pathologies (high unemployment, hyperinflation) and the determinants of long run growth. The syllabus section of this guide includes a detailed description of each of the topics covered in the course.

2. Learning outcomes

General Skills:

1. Ability to analyze and synthesize
2. Ability to gather and select information relevant to each specific area of study.
3. Textual analysis and interpretation skills, completing exercises and problem solving.

4. A wide-ranging and comprehensive perspective on the fundamental content of macroeconomics and its corresponding research methods.
5. Skills relating to the gathering, analysis and processing of sources of information relevant to the study of macroeconomic phenomena.
6. Practical and first-hand experience of the identification and interpretation of macroeconomic problems.

Specific Skills:

1. Proficiency in the use of the common concepts of modern macroeconomic analysis.
2. Capacity to understand the most important real-world macroeconomic problems and to apply the basic macroeconomic models and techniques to real-world problems and situations.
3. Ability to develop and deploy basic analytical models, both individually and as part of a team.
4. Ability to understand the relationships between the most relevant macroeconomic variables and the theoretical models used by economists.

3. COURSE CONTENT

Module Contents	Total classes, credits or hours
<p>Topic 1. Introduction The role of microeconomics in macroeconomics. The role of assumptions. Economic data and models. Economic fluctuations and growth: the distinction between short, medium and long-term analyses in macroeconomics.</p>	<p>2 sessions</p> <ul style="list-style-type: none"> • 1 topic • 1 theoretical lecture • 1 practical session

PART I: MICROECONOMIC FUNDAMENTALS OF MACROECONOMICS

Topic 2. Expectations: the basic tools

Review of the IS-LM model. Real and nominal interest. The discounted present value.

Topic 3. Financial markets and expectations

The price of bonds and their yield. The stock market and variations in equity prices.

Topic 4. Microeconomic foundations of consumption and investment.

Consumer theory based on life cycle and permanent income. Investment and expectations; current and projected profits. Consumer and investment volatility.

Topic 5. Expectations, yields and the political economy.

Financial markets and expectations. Monetary policy, expectations and yields. Deficit reduction, expectations and yields.

17 sessions

- 4 topics
- 8 theoretical lectures
- 8 practical sessions
- 1 evaluation session

PART II: MACROECONOMIC POLICY AND PATHOLOGIES

Topic 6. Public debt and fiscal policy

Public sector budgetary constraints. The deficit and public debt. Current taxes and future taxes. Ricardian equivalence. Cyclically adjusted deficit. Consequences of high public debt.

Topic 7. Monetary policy and inflation. High inflation, depressions and crises

The optimal inflation rate. Development of monetary policy and aims of monetary growth and inflation. The remit of the Central Bank and monetary policy. The Budget deficit and the creation of money. Inflation and real monetary balance. Deficit, seigniorage and inflation. Cases of hyperinflation. Major depressions and economic crises: The Great Depression in 1930s and the 2008 economic crisis. Recent developments in the international economy.

PART III: THE LONG RUN: GROWTH

Topic 8. The long run: Growth

The facts of growth. Savings, capital accumulation and production. Technological progress and growth.

13 sessions

- 4 topics
- 6 theoretical lectures
- 6 practical sessions
- 1 evaluation session

4. LEARNING-TEACHING METHODOLOGIES: EDUCATIONAL ACTIVITIES

4.1. Distribution of credits (in hours)

Number of class hours: 48	<ul style="list-style-type: none"> • Number of class hours: 48 - Attendance at large group classes (theory): 22.5 - Attendance at small group classes (practical): 22.5 <ul style="list-style-type: none"> ○ Exercises: 21 ○ Workshops: 1.5 Examination: 3
Number of independent study hours: 102	<ul style="list-style-type: none"> • Number of hours of independent study: 102 <ul style="list-style-type: none"> ○ Theory preparation: 50 ○ Practical preparation: 30 Exam preparation: 22
Total hours: 150	

4.2. Methodological strategies, teaching materials and resources

<p>Classroom sessions: these will be dedicated to theory classes, exercises and critical analysis and discussion of theoretical and practical examples. The student will acquire a basic knowledge of the course. These classes will develop analytical abilities, interpretation skills and ability to complete exercises and solve problems.</p>	<ul style="list-style-type: none"> • Theoretical sessions <p>In these classes the tutor 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>In which the professor will develop practical examples of the issues and key concepts studied in theoretical lectures. The main aim of these sessions is to complete case studies regarding the application of topics discussed in the theoretical sessions. Whenever possible, these practical classes will take place in the computing classroom in order to have access to the data and information online.</p> <p>The instructor will prepare specific material for the students: collections of exercises, research and economic policy papers and Internet resources. The students will develop part of their work within the virtual platform: Blackboard, which will improve the access to new content, homework activities and evaluations and will facilitate communication between the instructor and students.</p>
<p>Independent study: these hours will be dedicated to the students' individual study and will strengthen the knowledge of the theoretical topics, completing of exercises and solving cases as well as reading articles of interest. This aims to develop transferable skills such as information gathering, interpretation of texts and problem solving.</p>	<p>Students must read and understand the recommended reading material and any other material shown to be important during the course. They also have to solve practical activities and exercises set in class, etc.</p>
<p>Individual tutorials</p>	<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 and grading criteria

Assessment criteria

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

Assessment may follow two possible routes:

1. Continuous assessment throughout the course.
2. A final assessment by 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. Hand-in weekly assignments (exercises, essay writing, etc.) that are designed as practical learning tools. Students will be evaluated placing emphasis on student's effort, 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 about results and lecturers will only know who has used the tools).
- C. Three assessment tests through the virtual class environment (5% of the final grade). Students will be required to complete an online assessment for each part of the course program.
- D. Two Essays on a clear macroeconomic question using papers and reports and up-to-date macroeconomic data, one focussed on Part I (1,000 words, 15% of the final grade) and a second one focused on Parts II & III (2,000 words, 25% of the final grade)
- E. Two exams (45% of the final grade). The first exam will cover the topics in section I and the second exam will cover those in sections II and 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 each of 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 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 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 I.D. and the University's Intelligent Electronic Student Card.

The University of Alcalá guarantees its students that, if health authorities consider necessary to suspend physical teaching activities or the circumstances of the subject may require it, teaching, or part of it would continue using online tools until the end of the suspended period of teaching activities when teaching would become physical again.

6. READING LIST

Core Reading

With an aim to facilitate the study of the concepts and models that students must handle the subject program has been structured to closely follow the following texts:

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

MANKIW, G.: Macroeconomics, 10th ed., McMillan, 2019

Earlier editions of the same textbooks may also be used.

Further reading:

Dornbusch, R., Fischer, S. and Startz, R.: Macroeconomics, McGraw Hill, 13th edition 2018.

Exercises:

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

(In English) MANKIW, G.: Macroeconomics, 10th ed., McMillan, 2019

(in Spanish) Padilla, R., Cabrerizo, J., Belzunegui, B. and Valero, I: Macroeconomía: problemas y ejercicios resueltos, 3ª edición, Prentice Hall, 2013

The recommended textbooks cover the key subject material that will give students the necessary tools for the study of the theoretical models, analysis of exercises and problems, and the critical discussion of practical cases. Materials prepared by the tutor, including worksheets, readings and articles will also be available to students. New communication technologies will be used to develop a 'virtual classroom' that will serve as additional support, particularly for the practical classes and directed tutorials.
