

**COURSE DATA****Data Subject**

<b>Code</b>	35809
<b>Name</b>	Macroeconomics
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2022 - 2023

**Study (s)**

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1313 - Degree in Business Management and Administration	Faculty of Economics	2	First term
1330 - Degree in Business Management and Administration (Ontinyent)	Faculty of Economics	2	First term
1921 - D.D. in Business Management Administration-Law	Doubles Studies Faculty of Law - Faculty of Economics	2	Second term
1926 - D.D. in Tourism-Business Management Administration	Faculty of Economics	3	Second term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1313 - Degree in Business Management and Administration	10 - Macroeconomics	Obligatory
1330 - Degree in Business Management and Administration (Ontinyent)	10 - Macroeconomics	Obligatory
1921 - D.D. in Business Management Administration-Law	3 - Year 2 compulsory subjects	Obligatory
1926 - D.D. in Tourism-Business Management Administration	4 - Asignaturas de tercer curso	Obligatory

**Coordination**

<b>Name</b>	<b>Department</b>
CASQUEL DEL CAMPO, MARIA ELENA	10 - Economic Analysis



## SUMMARY

Macroeconomics is a compulsory subject in the Degree of Business Administration (GADEINTER). This course has a workload of 6 ECTS credits, divided into 3 theoretical credits and 3 practical ones.

Macroeconomics is taught in the first half of the second year of the Degree of GADEINTER. This is a course that endows the student with the basic tools to understand conventional macroeconomic models. When students arrive at this second course they already have a basic knowledge of economics studied in *Introduction to Economics* and *Microeconomics* in the first and second half of the first degree course.

Macroeconomics is the study of aggregate behavior of an economy and therefore addresses some of its key issues. Macroeconomics explains what causes the growth of a country, why some countries are richer than others, what factors are at the origin of recessions and booms, why there is unemployment, and what determines their magnitude, which are the sources of inflation, or how public policies affect the level of production, unemployment, inflation or economic growth.

Macroeconomics has two inseparable tools: theoretical models and statistics to interpret the economic data, in order to understand a little better the economic reality that surrounds us. The content of the course provides the core of Macroeconomics. The reference book is Mankiw, N. Gregory (2019) *Macroeconomics* (10th edition). MAcMillan Learning.

After the introduction, it focuses in the **short run**, characterizing equilibrium in the goods market and in the financial markets, deriving the basic model used to study short run movements in output, the *IS /LM* model in a close and open economy. The second part focuses on the **medium run**, on the equilibrium in the labour market. It develops a model based on aggregated demand and supply, and shows how that model can be used to understand movements in activity and movements in inflation, both in the short and in the medium run.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

### Other requirements

Previous requirements to successfully face this course are minimal: a level of basic math (solving equations with one / two unknowns and partial derivatives) and a minimal familiarity with graphical analysis and on how to access to information in web pages. On the other hand, it is strongly recommended that the student has previously completed *Introduction to Economics* in the first half of the first year in order to have some background on the usual methods in economics, the concepts used etc.

## OUTCOMES



## LEARNING OUTCOMES

Macroeconomics is a formative discipline where a high degree of abstraction is used. At the end of the course, the student will have to know in depth the answers of economic agents, companies, consumers and institutions, in the face of changes in economic conditions. This subject aims to encourage students the capacity for analysis and reasoning to begin to understand and interpret economic reality.

Macroeconomics works with models that allow us to interpret economic results as well as anticipate their consequences on our decisions. The student will learn to rationalize and interpret the information that appears in real life and to use it in other subjects and in his professional life. At the end of the course students should be able to solve problems that arise in their daily tasks and learn to deal with discretion situations not contemplated in any textbook. Whoever finishes this course with success and achievement will notice that their technical preparation, their critical capacity, their ability to reason have changed, their conception of certain problems has changed, and their interest in certain aspects of the world. For all these reasons, the general results expected after completing the course are: To have sufficient macroeconomic knowledge to analyze and interpret reality from an economic perspective To obtain the capacity to collect bibliography, to structure it and to interpret it from theoretical knowledge Be able to argue rigorously economic opinions and economic policy proposals, both written and oral To be able to inscribe the real economic problems of the markets and the organizations in the conceptual and abstract scope of the macroeconomic models Critically evaluate the magnitude and importance of the different economic problems and analyze the advantages and disadvantages derived from the possible policies designed to solve them and their impact on society Set clear, achievable, specific and measurable objectives Working effectively in a team Understand and analyze current issues and relevance, individually and as part of a group Use analytical reasoning to pose economic problems and solve them.

## DESCRIPTION OF CONTENTS

### 1. Introduction

- 1.1 Macroeconomics
- 1.2 Economic Cycle
- 1.3 Long- to Short-Run
- 1.4 Aggregate Demand
- 1.5 Aggregate Supply

Bibliography: Mankiw, N.G. Macroeconomics (10th edition), Barcelona: Ed. A. Bosch, 2020, ch. 1 and 10

### 2. The IS-LM model

- 2.1 Introduction
- 2.2 The Goods Market: the IS curve
- 2.3 The Money Market: the LM curve
- 2.3 The Short-Run Equilibrium: the IS-LM model

Bibliography: Mankiw, N.G. Macroeconomics (10th edition), Barcelona: Ed. A. Bosch, 2020, ch.11



### **3. The Aggregate Demand**

- 4.1 Shifts in the IS-LM Curves
- 4.2 Aggregate Demand Function
- 4.3 Monetary Policy
- 4.4 Fiscal Policy
- 4.5 Monetary Policy
- 4.5 Multipliers of Fiscal and Monetary Policies
- 4.6 From short to long run
- 4.7 Public Debt sustainability

Bibliography: Mankiw, N.G. Macroeconomics (10th edition), Barcelona: Ed. A. Bosch, 2020, ch. 12

### **4. The Open Economy in the Short Run**

- 4.1 Exchange-Rate Systems
- 4.2 The Open Economy in the Short Run: Mundell-Fleming Model
- 4.3 Choosing the Type of Exchange-Rate Systems

Bibliography: Mankiw, N.G. Macroeconomics (10th edition), Barcelona: Ed. A. Bosch, 2020, ch. 13

### **5. The Economy in the Long Run**

- 5.1 The Economy in the Long Run: Main results
- 5.2 Long-Run Equilibrium in an Open Economy: The Determinants of the Real Exchange Rate

Bibliography: Mankiw, N.G. Macroeconomics (10th edition), Barcelona: Ed. A. Bosch, 2020, ch. 3 and 6

### **6. Aggregate supply**

- 6.1 Sticky Price, Imperfect Information and Aggregate Supply
- 6.2 Different Models of Aggregate Supply
- 6.3 The Phillips Curve
- 6.4 The Concept of Rational Expectations

Bibliography: Mankiw, N.G. Macroeconomics (10th edition), Barcelona: Ed. A. Bosch, 2020, ch. 14.  
Mankiw, N.G. y Taylor, M.P. Economics . Ed. Paraninfo, chs. 32, 34 and 35

### **7. Labour Market and Unemployment**



- 7.1 Evolution of Unemployment
- 7.2 Natural Rate of Unemployment
- 7.3 Wage-Setting Model
- 7.4 Determinants of Long-Term Unemployment
- 7.5 Hysteresis or Persistence of Unemployment

Bibliography: Blanchard, O. Macroeconomics (7th edition), New York : Ed. Pearson Education, 2016, ch. 7.

## WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of group work	13,00	0
Study and independent work	35,00	0
Preparation of evaluation activities	15,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	12,00	0
<b>TOTAL</b>	<b>150,00</b>	

## TEACHING METHODOLOGY

The appropriate methodology for macro, in both main lectures and discussion sections, is the combination of individual and collective work. More precisely, the methodology used can be described as follows:

For the main lectures the students will read in advance the assigned readings. These readings will give support to the theoretical explanation as well as to the main issues raised in each topic. The teacher will combine the lectures with the active participation of students. Students should develop both their capacity to learn (work prior to class), and their ability to work in group. They should learn to discuss ideas in writing and orally.

In addition to reinforcing theoretical concepts these discussion sections aim at developing links with the real world. To reach these goals, students are assigned two types of tasks:

1. Before class, students should prepare questions from the back of each chapter of the textbook as assigned by the teacher. These take home assignments should be handed in at the beginning of the class.
2. Work in the classroom. Each individual student must pass the tasks as requested by the teacher. Some assignments will be done in group, like information and data search or data mining. Students should improve their abilities in terms of expressing themselves in written or oral form.





In addition to physical presence, these discussion sections will require an active participation from students. They will not only be required to hand in the assigned take home work but also respond to any questions asked by the professor. All material will be available at the website).

## EVALUATION

The evaluation of the subject is based on a set of continuous assessment of activities and a final test (a written test at the end of the semester). The total grade is broken down as follows: 30% of the overall mark is for the continuous assessment tasks, and 70% of the overall mark comes from the final test. On a 10 point basis, 3 or less come from the continuous assessment and 7 or less from the final.

The final score will be the sum of the scores of the continuous assessment and the final test (graded for a maximum score of 7). **At least 3.5 points must come from the final test.** In case that this requirement is not fulfilled, the final score will be the result of adding up both marks but with an upper limit of 4.5 (not pass, *suspenso*). To pass this subject a total of 5 or more points over 10 are needed.

In the event that the student does not follow the continuous assessment, it will be required to obtain 5 points out of a maximum of 7 in the final test in order to pass the course.

**Important notice:** The qualification obtained in the continuous evaluation is held until the second call. From the third call on, the continuous evaluation is optional. The student can decide to undertake only the final exam, with the possibility of obtaining 10 points. The decision must be communicated to the teacher at the beginning of the course.

## REFERENCES

### Basic

- Mankiw, N.G. Macroeconomía (decima edición). Ed. A.Bosch. Barcelona, 2020.
- Blanchard, O. Macroeconomía (séptima edición), New York : Ed. Pearson Education, Madrid, 2017
- Mankiw N.G. y Taylor M.-P. Economía. Ed. Paraninfo. 2017
- AR group: Mankiw, N.G. Macroeconomics (tenth edition). Macmillan Learning.

### Additional

- Abel, A. y B., Bernanke. Macroeconomía (cuarta edición) Ed. Pearson Education, 2003.
- Delong, B.J. y Olney M.L. Macroeconomía (segunda edición) McGraw-Hill, 2006.
- Dornbusch, R., Fischer, S. y Startz, R. Macroeconomía (Octava edición) Ed. McGraw-Hill, Madrid, 2001.



- Layard, R.; Nickell, S. y Jackman, R. La Crisis del Paro. Alianza Economía. Alianza Editorial, 1994.
- Belzunegui, B. Cabrerizo, J., Padilla, R. y Valero, I. Macroeconomía. Cuestiones y ejercicios resueltos. Ed. Prentice Hall, Madrid, 2002.
- Servicio de Estudios del Banco de España, El Análisis de la Economía Española. Alianza Editorial. Madrid (2005).
- Palafox, Jordi (2017): Cuatro vientos en contra, Pasado y Presente, 320 pgs