

**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>	2023 - 2024

**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 - Double Degree Program BMA and Law	Faculty of Law	2	Second term
1926 - Double Degree Program Tourism and BMA	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 - Double Degree Program BMA and Law	3 - Year 2 compulsory subjects	Obligatory
1926 - Double Degree Program Tourism and BMA	4 - Asignaturas de tercer curso	Obligatory

**Coordination**

<b>Name</b>	<b>Department</b>
RUIZ BUFORN, ALBA	10 - Economic Analysis



## SUMMARY

The Macroeconomics course is taught on a compulsory basis in the first semester of the second year of the Degree in Business Administration and Management (ADE) and in the second semester of the Double Degree in ADE and Law and the Double Degree in Tourism and ADE. It implies a study workload of 6 ECTS credits, 3 of which correspond to lectures and 3 to practical lessons.

The aim of this course is to provide the student with the basic tools to understand the conventional models of macroeconomics, both in the long and the short run. It also aims at providing the students with in-depth knowledge that allows them to understand the aggregate economic data used in the media and in everyday life.

Macroeconomics is a field that studies the aggregate behavior of certain magnitudes, addressing some of the most relevant questions of economic science: what explains the growth of a country; why some countries are rich and others are poor; what factors are in the origin of recessions and economic booms; why unemployment exists and what determines its magnitude; what are the sources of inflation; or how public policies affect the level of production, unemployment, inflation or economic growth, among others. These kind of questions, which continue to be the fundamental concern of macroeconomists today, have driven many scholars to make great efforts to find convincing explanations throughout history.

The study of Macroeconomics has two inseparable tools to try to understand the reality that surrounds us: theoretical models and real macroeconomic data.

Considering its concern for the aggregate magnitudes, Macroeconomics is focused on observing the global trends of the economy rather than the specific trends of certain companies or individuals. In this sense, this discipline elaborates global magnitudes that measure economic activity and represent the average of thousands of individual changes. Some of these magnitudes are the Gross Domestic Product, the Savings Rate or the Consumer Price Index. Aggregate datasets are usually used to verify or refute the validity of some proposed theories, serving as an important supporting point for the evolution of macroeconomic theory throughout history. Economic models represent a simplified description of some aspect of the economy, normally expressed mathematically, in whose substratum there is a set of fundamental ideas about the economy that constitute the so-called "economic theory".

As far as the content of the course is concerned, this course focuses on the short run, as the students have already studied some topics of long run macroeconomics in the previous course. For this reason, it will mostly deal with studying the basic tools to analyze issues such as the economic cycle or stabilization policy: Aggregate Demand (AD) and Aggregate Supply (AS). It will also place special interest on the problems of the Spanish economy with the study of the unemployment rate and its determinants.

## PREVIOUS KNOWLEDGE

**Relationship to other subjects of the same degree**

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

**Other requirements**

Basic level of mathematics (solving equations with one or two unknowns and solving basic partial derivatives) as well as a minimum knowledge of graphic analysis and searching information on the web. It is also highly recommended that the student has previously taken the Introduction to Economics course, since it provides a basic knowledge of the methodology of economic analysis, including most of the theoretical concepts and some basic macroeconomics models that will be used during the course.

**COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)****LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)**

Macroeconomics is a formative discipline where a high degree of abstraction is used. At the end of the course, students should know what are the responses of economic agents, companies, consumers and institutions, to changes in economic conditions.

This course aims to foster the students' ability to analyze, reason 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 courses and in their professional life. At the end of the course, students should be able to solve problems that arise in their daily tasks and learn to judiciously deal with situations not covered in textbooks. Those who successfully complete this course and use it will observe that their technical preparation, their critical capacity, their ability to reason have increased, that their conception of certain problems has changed, and that their interest in certain aspects of the world that surrounds us has broadened and sharpened.

For all these reasons, the general results expected after completing the course are:

- Possess sufficient macroeconomic knowledge to analyze and interpret reality from an economic perspective.
- Being able to collect bibliography, structure it and interpret it from theoretical knowledge.
- Being able to rigorously argue economic opinions and economic policy proposals, both in written and oral form.
- Being able to frame real economic problems of markets and organizations in the conceptual and abstract field of macroeconomic models.
- Critically assess 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.
- Work in team in an effective way.
- Understand and analyze current and relevant issues, 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
- 2.4. 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

- 3.1. Shifts in the IS-LM Curves
- 3.2. Aggregate Demand Function
- 3.3. Fiscal Policy
- 3.4. Monetary Policy
- 3.5. Multipliers of Fiscal and Monetary Policies
- 3.6. From short to long run
- 3.7. 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. 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, chs. 3 and 6

## 6. The 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. Labor 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 teaching methodology will follow the main lines:

- Develop the tools to show the student how macroeconomic analysis is applied to real world problems.
- Illustrate, in a simple way, how the problems that usually appear in the media can be addressed and explained through concepts and instruments included in the different macroeconomic models.
- Provide with numerous case studies as a relevant learning tool, highlighting the fact that Macroeconomics comes to life when used to understand real events.

There will be a differentiated approach between lectures and practical lessons:

- For **lectures**, the students will prepare in advance the basic readings that serve as the basis for the theoretical explanation, trying to identify the main doubts that may arise. The instructor will combine theoretical explanations with the active participation of the students (posing questions that the instructor and/or other students can answer, solving brief questions raised by the instructor, group discussion of the aspects that have aroused the greatest interest). It is aimed that the student develops both a capacity for autonomous work (with work prior to class), and an ability to work in a team, argue and defend ideas (group debates) and a capacity for oral and written communication (posing his doubts about the contents in public and/or resolving in writing the issues that have been raised).

- The **practical lessons** aim, in addition to consolidating in the students the concepts acquired in lectures and in the study of the textbook, to develop the ability to apply the knowledge acquired to the real world and to foster their reasoning and analysis capacity. In order to achieve these objectives, three possible types of tasks are considered:

- The preparation, prior to the practical class, of a set of exercises and practical cases that will be worked on later in the classroom. Each student must individually deliver these tasks when requested by the instructor.
- The elaboration of a team work related to the contents of the program that will be evaluated in the practical lessons.
- Prepare and take evaluation tests or other assessment activities that the instructor proposes sporadically in class.

These types of lessons require the active participation of the student through their intervention in the sessions and the completion of the exercises proposed.

Questionnaires for each practical lesson and the rest of the material necessary to carry out the work will be available in advance in the Virtual Classroom.

## EVALUATION

The assessment of the course is based on a set of continuous assessment activities and a final test (written exam at the end of the semester). In the Macroeconomics course, the final grade is broken down as follows: **30% of the overall grade corresponds to the continuous assessment tasks and 70% of the overall grade corresponds to the final test.**



The final exam is mandatory and passing it is an essential condition to pass the course. The exam is considered to have been passed when the grade is **equal to or greater than 3.5 points out of 7**.

The **final grade** will be obtained as the sum of the final exam grade plus the continuous assessment grade. In case of not passing the written exam, the final score will be determined from the sum of the scores obtained in the exam and the continuous evaluation without, in any case, exceeding 4.5 (failed).

The **course will be considered passed** if the student obtains **5 points out of 10 in the sum** between the final exam and the continuous assessment.

**In case of choosing not to carry out the continuous assessment tasks**, the student can only pass the course if they obtain five points (out of seven) in the final exam.

**Important:** The qualification corresponding to the continuous assessment will be kept until the second call. From the third call on, the student will be able to choose between continuous assessment or not. In the event that they decide to be evaluated by the final exam only, this will allow them to obtain 10 points. The decision must be communicated to the instructor at the beginning of the course.

## REFERENCES

### Basic

- Mankiw, N.G. Macroeconomía (décima 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.
- IA group: Mankiw, N.G. Macroeconomics (tenth edition). Macmillan Learning, 2018.

### Additional

- Dornbusch, R., Fischer, S. y Startz, R. Macroeconomía (décima edición) Ed. McGraw-Hill, Madrid, 2016.
- Belzunegui, B. Cabrerizo, J., Padilla, R. y Valero, I. Macroeconomía. Cuestiones y ejercicios resueltos (tercera edición) Ed. Prentice Hall, Madrid, 2013.