

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

Code	36122
Name	Dynamic macroeconomics
Cycle	Grade
ECTS Credits	6.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. Period year
1316 - Degree in Economics	Faculty of Economics	3 First term

Subject-matter

Degree	Subject-matter	Character
1316 - Degree in Economics	13 - Macroeconomics	Obligatory

Coordination

Name	Department
GOMEZ TELLO, ALICIA	10 - Economic Analysis

SUMMARY

The objective of the Dynamic Macroeconomics subject is the study of the intertemporal decisions of consumers (savings and job offer), of the intertemporal decisions of companies (investment and price determination). The approach is mostly general equilibrium, analyzing both short-term and long-term aspects. Special relevance is given to the analysis of macroeconomic policies, mainly monetary and fiscal policy.

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

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



Other requirements

Knowledge of intermediate macroeconomics acquired in the subjects Macroeconomics I and Macroeconomics II.

COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

1316 - Degree in Economics

- Show critical thinking skills.
- Have decision-making skills and be able to apply knowledge to practice.
- Be able to learn autonomously.
- Be able to use English in a professional environment.
- Apply the principles of economic analysis (rational decision) to the diagnosis and resolution of problems.
- Understand and apply the scientific method, which involves formulating hypotheses, deducing verifiable results and contrasting them with empirical and experimental evidence.
- Understand the functioning of the economy at the aggregate level and the effect of different economic policies.
- Know and understand the determinants of the long-term sustainable growth of an economy.
- Understand the possible causes of economic cycles and the effects of stabilisation policies.
- Have appropriate knowledge of the determinants of aggregate consumption, savings and investment.
- Know and understand the functioning of labour markets and the determinants of unemployment and wages.

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

At the end of the course the student must be able to:

- Possess sufficient macroeconomic knowledge to analyze and interpret national and international reality from an economic perspective.
- Use analytical reasoning to pose economic problems and solve them.
- Understand the set of interactions that take place between the different markets of an economic system.
- Understand the dynamic nature of macroeconomic relationships, the role of intertemporal decisions and the expectations of market participants.
- Critically evaluate the magnitude and importance of the different economic problems as well as the advantages and disadvantages derived from the possible policies designed to solve them, and their impact on society.



DESCRIPTION OF CONTENTS

1. Economic growth

- 1.1. Long run growth: stylized facts
- 1.2. A basic model of exogenous growth
- 1.3. Growth and convergence

References:

Romer, D. (2019): *Advanced Macroeconomics* (5th edition), McGraw-Hill, Ch. 1.

2. Models of endogenous growth

- 2.1. Other facts
- 2.2. Models of Endogenous Growth
- 2.3. Learning by doing, human capital and growth

References:

Romer, D. (2019): *Advanced Macroeconomics* (5th edition), McGraw-Hill, Ch. 3.

Sala-i-Martin, X. (1994): *Apuntes de Crecimiento Económico*, Antoni Bosch Editor, Chs. 7 and 8.

3. Alternative models of business cycle

- 3.1. Growth and economic cycles
- 3.2. The basic model of the real cycle
- 3.3. Money and inflation in the classic model

References:

Romer, D. (2019): *Advanced Macroeconomics* (5th edition), McGraw-Hill, Chs. 1 and 4.

4. The Neo-Keynesian canonic model

- 4.1. Forward-looking aggregated supply and demand
- 4.2. Monetary rule and price determination
- 4.3. Monetary policy in the Neo-Keynesian canonic model

References:

Romer, D. (2019): *Advanced Macroeconomics* (5th edition), McGraw-Hill, Chs. 6, 7, and 12.

**5. Expectations and macroeconomic policy in the Neo-Keynesian model**

- 5.1. The structural time of interest rates
- 5.2. Optimal monetary policy
- 5.3. Credibility in a model with expectations

References:

Romer, D. (2019): *Advanced Macroeconomics* (5th edition), McGraw-Hill, Chs. 12 and 13.

WORKLOAD

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Study and independent work	25,00	0
Preparation of evaluation activities	20,00	0
Preparing lectures	20,00	0
Preparation of practical classes and problem	25,00	0
TOTAL	150,00	

TEACHING METHODOLOGY

The development of the subject is structured around several elements:

- Classes are divided into theory classes (2 hours a week in which the contents of the subject are developed by the teacher) and practical exercises (2 hours a week in which different types of exercises are solved that help to assimilate the theoretical contents).
- For the preparation of the theory topics, notes that collect the most formal aspects of them will be provided. For the preparation of the practical classes, a booklet of exercises similar to those that will be proposed in the final exam of the subject will be made available to the students.
- Students are expected to follow the theoretical classes in person and to participate actively, by delivering and solving exercises on the blackboard, in the practical classes.

EVALUATION

- During the course, in addition to the official final exam, two multiple choice tests will be held.
- The final grade for the course will be the result of the following sum: for the final exam of the course, up to a maximum of 8 points; for each multiple choice test, up to a maximum of 1 point (2 points for the two tests); for delivery of exercises and resolution on the blackboard 1 point. In the event that a grade greater than 10 points is obtained in this way, the final grade will be limited to 10, although the total grade will be considered for the assignment of honors.
- Students who do not attend at least 80 percent of the practical classes will not be eligible for the point for delivery of exercises.



- For the three points for multiple choice tests and the delivery of exercises to be applied, the mark in the final exam must be at least 3 points out of 8.
- The rating for Continuous Assessment activities is non-recoverable. It is not possible to design a test within the framework of the second call that is capable of reflecting and assessing the objectives for which these activities are designed: effort to learn and progress in the acquisition of knowledge.

REFERENCES

Basic

- Romer, D. (2006): *Macroeconomía Avanzada* (3a edición), McGraw-Hill.
- Romer, D. (2019): *Advanced Macroeconomics* (5th edition), McGraw-Hill.

Additional

- Sala-i-Martin, X. (1994): *Apuntes de Crecimiento Económico*, Antoni Bosch Editor.
- García de Paso, Valero Perandones, Pérez Sánchez, García Greciano (2016): *Crecimiento económico: Modelos teóricos y ejercicios resueltos*, Ed. Pearson.
- Gillman, M. (2011): *Advanced modern macroeconomics. Analysis and application*, Ed. Prentice Hall