



centre adscrit a:



UNIVERSITAT POLITÈCNICA  
DE CATALUNYA  
BARCELONATECH

# COURSE OUTLINE 2019-20

MACROECONOMICS

July 2019

# GENERAL INFORMATION

<b>Course:</b>	<b>MACROECONOMICS</b>
<b>Code:</b>	801105 (ADE)
<b>School year:</b>	2019-20
<b>Degree:</b>	Grado en Administración y Dirección de Empresas
<b>ECTS credits:</b>	6
<b>Prerequisites:</b>	No prerequisites are required
<b>Year and semester:</b>	3rd year, 2nd semester
<b>Last revision:</b>	July 2019
<b>Course coordinator:</b>	Dra. Cristina Lopez-Mayan

## 1 COURSE DESCRIPTION

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The main objective of this course is learning the basic macroeconomic model to be used in the analysis of the evolution of an economic system. You will learn the basic macroeconomic tools to analyze the performance of the economy in the long run and to understand the main determinants of economic growth. The macroeconomic model also allows analyzing the economy in the short run: the interactions among macroeconomic variables, the effects of economic shocks in the economy and the effects of the macroeconomic policies implemented to achieve economic growth and price stability, and to smooth the consequences of the business cycle.

The learning methodology will rely on both the conceptual and graphical development of the basic macroeconomic models, combined with the analysis of aggregate data from different countries.

## 2 COMPETENCES

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On successful completion of this course, you will be able to:

- Interpret macroeconomic statistics.
- Understand the basic macroeconomic foundations and apply the macroeconomic tools to analyze real economies.
- Identify the effects of the business cycle (economic recessions and expansions) on macroeconomic aggregates (inflation, production, unemployment).
- Identify the forces of long-run economic growth and the economic policies that promote a country's sustained growth.
- Demonstrate knowledge of the demand policies (fiscal and monetary policies) and their effects on the macroeconomic aggregates in the short run and in the long run.
- Clearly expressing ideas or facts in a compelling way.
- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.

## 3 CONTENT

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### UNIT 1: Introduction to Macroeconomics

1.1 What is Macroeconomics? Objectives and method

1.2 Macroeconomic aggregates: definitions and measurement

1.2.1 GDP

1.2.2 Aggregate price level

1.2.3 Unemployment rate

#### Learning outcomes

- Understand the objective of Macroeconomics and the different scope of Macroeconomics and Microeconomics.
- Demonstrate knowledge of the main macroeconomic aggregates.
- Interpret and analyze macroeconomic statistics.

### UNIT 2: Economic Growth

2.1 Long-run economic growth

## 2.2 The sources of economic growth

## 2.3 The business cycle (the economy in the short run)

### Learning outcomes

- Interpret differences in income across countries.
- Demonstrate knowledge of the factors that promote economic growth in the long run.
- Account the contribution of each factor to the growth of countries.
- Demonstrate knowledge of the business cycle. Identify the recessions and booms of the Spanish economy.
- Demonstrate knowledge of the volatility of the macroeconomic aggregates over the business cycle.

### UNIT 3: Aggregate demand and supply

#### 3.1 Aggregate demand

#### 3.2 Aggregate supply

##### 3.2.1 Short-run aggregate supply

##### 3.2.2 Long-run aggregate supply

#### 3.3 The AS-AD model

##### 3.3.1 Demand shocks and supply shocks

##### 3.3.2 Effects on short-run and long-run equilibrium

### Learning outcomes

- Understand the aggregate demand and the factors that affect the aggregate demand of an economy.
- Understand the aggregate supply and its different behavior in the short run and in the long run.
- Analyze the macroeconomic equilibrium of an economy.
- Identify the demand and the supply shocks that affect any economy and their consequences on the macroeconomic aggregates in short run and in long run.

### UNIT 4: Fiscal policy

#### 4.1 Fiscal policy: definition and instruments

#### 4.2 Spending multiplier

#### 4.3 Automatic stabilizers and discretionary fiscal policy

#### 4.4 The government budget balance

##### **Learning outcomes**

- Demonstrate knowledge of the different types of fiscal policies that the government can implement.
- Calculate and understand the spending multiplier and its implications on the effectiveness of the fiscal policy.
- Identify the effects of the fiscal policy and its success to smooth the business cycle.
- Analyze the consequences of the fiscal policy on the public balance, both in the short run and in the long run.

#### **UNIT 5: Monetary policy**

5.1 The meaning of money

5.2 The monetary role of banks

5.3 The Central bank

5.4 Determining the money supply

5.5 The demand for money

5.6 Monetary policy

##### **Learning outcomes**

- Understand the meaning of money and learn the monetary aggregates used to measure money supply.
- Demonstrate knowledge of the money creation process.
- Know the roles of the Central bank and the monetary policy instruments.
- Interpret the money demand and supply and the factors that determine the equilibrium in the money market.
- Identify the effects of the monetary policy and its success to smooth the business cycle.

#### **UNIT 6: Labor market and inflation**

6.1 Labor market definitions

6.2 Looking at the labor market

6.3 The nature of unemployment

6.4 Inflation

##### **Learning outcomes**

- Demonstrate knowledge and calculate the main labor market indicators.
- Interpret the evolution of the Spanish labor market before and after the Great Recession and compare it with the labor market of other economies.
- Understand the different types of unemployment behind the actual unemployment rate and identify the effects of labor market policies.
- Demonstrate knowledge of the costs and benefits of inflation.

#### 4 LEARNING METHODOLOGY

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The learning methodology is based in the following activities:

Lectures: the lecturer introduces and explains the concepts and the graphical analysis corresponding to each topic. It is highly advisable to read in advance the recommended chapters of the textbook.

Problems and exercises: in-class activities dedicated to problem solving, case studies and/or debates about current issues. They include class presentations by students.

#### 5 GRADING

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The final mark (FM) of the course is computed as follows:

**FM = Mark from final exam x 60% + Mark from continuous assesment x 40%**

- The final exam has two attempts.
- To compute the FM the student must obtain at least 40 points of 100 in the final exam.
- The student passes the course if the FM is equal to or higher than 50 points of 100.
- The schedule of the activities included in the continuous assesment will be announced in the Campus and in class at the beginning of the semester.

#### 6 REFERENCES

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- Krugman, P, and R. Wells, "Macroeconomics", Ed. Reverté, 4th edition, 2015.
- Dornbusch, R., S. Fisher, y R. Startz, Macroeconomía, McGraw Hill, 2015.
- Blanchard, O, Macroeconomía, Pearson-Prentice Hall, 2004.
- The instructor may recommend additional readings or materials in class and through the Campus.