

# Macroeconomics I (22105)

**Degree/study:** IBE Grau

**Course:** Second

**Term:** First

**Number of ECTS credits:** 5

**Hours of student's dedication:** 125

**Language of instruction:** English

**Professor:** Danilo Guaitoli ([danilo.guaitoli@upf.edu](mailto:danilo.guaitoli@upf.edu) – office 20.1E50)

## 1. Presentation of the subject

Macroeconomics I is a fundamental course in the curriculum of IBE, ECO and ADE. The objective of the course is to allow students to familiarize with the methodology and the main results of macroeconomic research. The methods that were presented in Introduction to Macroeconomics will be extended and applied to the analysis of contemporary macroeconomic issues such as expectations, exchange rates, debt, inflation, recessions, monetary and fiscal policy, European integration.

## 2. Competences to be attained

### GENERAL COMPETENCES

1. Understanding and interpreting correctly academic texts.
2. Ability to justify with consistent arguments your opinions.
3. Ability to use English fluently in all activities (reading, writing and speaking).
4. Social skills to work in group (participate in discussions, give opinion, listen to views of others, etc.).
5. Attitudes of self-imposed discipline and rigorousness in the organization and realization of academic work.
6. Active and open interest in learning new things.
7. Ability to apply with flexibility and creativity the acquired knowledge, adapting it to new contexts.
8. Reaching a level of knowledge sufficient for professional activities.
9. Knowledge of the different contexts of activity (macro economy, sector, market, firm, etc.).

### SPECIFIC COMPETENCES

1. Working knowledge of the main macroeconomic aggregates and their relations.
2. Analytical and synthetic ability in the application of macroeconomic models.
3. Ability to relate the analysis of macroeconomic problems with the goals, instruments and constraints of economic policy.
4. Identify the issues involved in current macroeconomic problems and their international dimensions.

### 3. Contents

This course extends the study of Macroeconomics carried out in the previous course Introduction to Macroeconomics. Particular emphasis is devoted to the analysis of: i) the role of expectations in macroeconomics; ii) the working of macroeconomic policy in open economies; iii) macroeconomic pathologies in the real world (recessions, debt, inflation); iv) policymakers and policy rules; v) the macroeconomics of the European Union.

In particular, the following topics will be considered (chapter numbers refer to the main textbook):

#### I. Expectations

- I.1 Expectations: the Basic Tools** (Chapter 14)
- I.2 Financial Markets and Expectations** (Chapter 15)
- I.3 Expectations, Consumption, and Investment** (Chapter 16)
- I.4 Expectations, Output, and Policy** (Chapter 17)

#### II. The Open Economy: Exchange rates and policy choices

- II.1 Output, the interest rate and the exchange rate** (Chapter 18)
- II.2 Exchange Rate Regimes** (Chapter 19)

#### III. Pathologies

- III.1 The crisis of 2007-2010** (Chapter 20)
- III.2 High Debt** (Chapter 21)
- III.3 High Inflation** (Chapter 22)

#### IV. Should Policymakers Be Restrained?

- IV.1 Policy and Policymakers: What Do We Know?** (Chapter 23)
- IV.2 Monetary and Fiscal Policy Rules** (Chapter 24)

#### V. Europe in progress

- V.1 European Economic and Monetary Integration** (Chapter 25)
- V.2 The Euro: The Ins and the Outs** (Chapter 26)

### 4. Evaluation

Course evaluation will be based on the following criteria.

#### 1. Continuous evaluation (September-December 2011):

- **Problem sets and seminars: 20 %.** This includes written solutions to problem sets assigned, attendance to seminars and active participation in the seminar discussion of exercises and problems. Students must attend seminars in the subgroup to which they are assigned.
- **Final exam: 80 %.** The final exam at the end of the quarter will cover all the contents of the course: the material presented in class, the problems discussed in seminars, and the recommended readings.

To pass the course a minimum of 4 over 10 in the final exam is required (otherwise the grade of the final exam will also be the grade of the course, and problem sets/seminars will not be taken into account).

#### 2. September evaluation (September 2012):

- **Problem sets and seminars: 10 %.**
- **Final exam: 90 %** (a minimum of 4 over 10 in the final exam is required).

## 5. Bibliography and teaching resources

### Basic bibliography:

- Blanchard, O., Amighini, A., and Giavazzi, F., *Macroeconomics: a European Perspective*, Pearson Limited, 2010

**Additional references** may be provided by the professors during the course.

**Teaching resources** such as slides, exercises, etc. will be made available on Aula Global.

## 6. Methodology

The course will last 10 weeks. The professor will teach 16 classes of theory for the entire group. In addition there will be 6 seminars in smaller subgroups dedicated to deepening understanding of the class material and to discuss solutions to the problem sets assigned, with the students' active participation.

## 7. Activities Planning

Weeks		Topics	Problem Sets and Seminars
<b>Week 1</b>		<b>I.1 Expectations: the Basic Tools</b>  <b>I.2 Financial Markets and Expectations</b>	
<b>Class 1</b>	<b>Class 2</b>		
Monday 26.09.11	Tuesday 27.09.11		
<b>Week 2</b>		<b>I.3 Expectations, Consumption, and Investment</b>	
<b>Class 3</b>	<b>Class 4</b>		
Monday 03.10.11	Tuesday 04.10.11		
<b>Week 3</b>		<b>I.4 Expectations, Output, and Policy</b>	
<b>Class 5</b>	<b>Class 6</b>		
Monday 10.10.11	Tuesday 11.10.11		
<b>Week 4</b>		<b>II.1 Output, the interest rate and the exchange rate</b>	<b>Problem set 1 due</b> (Monday 17.10.11)  <b>Seminar 1</b> (Thursday 20.10.11)
<b>Class 7</b>	<b>Class 8</b>		
Monday 17.10.11	Tuesday 18.10.11		

<b>Week 5</b>		<b>II.2 Exchange Rate Regimes</b> <b>III.1 The crisis of 2007-2010</b>	
<b>Class 9</b>	<b>Class 10</b>		
Monday 24.10.11	Tuesday 25.10.11		
<b>Week 6</b>			<b>Problem set 2 due</b> (Monday 31.10.11)
<b>No class</b>	<b>No class</b>		<b>Seminar 2</b> (Thursday 03.11.11)
Monday 31.10.11	Tuesday 01.11.11		
<b>Week 7</b>		<b>III.2 High Debt</b> <b>III.3 High Inflation</b>	<b>Problem set 3 due</b> (Monday 07.11.11)
<b>Class 11</b>	<b>Class 12</b>		<b>Seminar 3</b> (Thursday 10.11.11)
Monday 07.11.11	Tuesday 08.11.11		
<b>Week 8</b>		<b>IV.1 Policy and Policymakers: What Do We Know?</b> <b>IV.2 Monetary and Fiscal Policy Rules</b>	<b>Problem set 4 due</b> (Monday 14.11.11)
<b>Class 13</b>	<b>Class 14</b>		<b>Seminar 4</b> (Thursday 17.11.11)
Monday 14.11.11	Tuesday 15.11.11		

<b>Week 9</b>		<b>V.1 European Economic and Monetary Integration</b>	<b>Problem set 5 due</b> (Monday 21.11.11)
<b>Class 15</b>			<b>Seminar 5</b> (Thursday 24.11.11)
Monday 21.11.11			
<b>Week 10</b>		<b>V.2 The Euro: The Ins and the Outs</b>	<b>Problem set 6 due</b> (Tuesday 29.11.11)
<b>Class 16</b>			<b>Seminar 6</b> (Thursday 01.12.11)
Monday 28.11.11			