

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)

Office hours: Thursdays, 14:30-15:30 (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.

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. 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 The sovereign debt crisis** (additional readings)
- III.4 High Inflation** (Chapter 22)

IV. Should Policymakers Be Restrained?

- IV.1 Monetary and Fiscal Policy Rules** (Chapters 23-24)

4. Evaluation

Course evaluation will be based on the following criteria:

- **Problem sets and seminars: 30 %.** 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. Problem sets can be done in groups of no more than 3 students and must be submitted through Aula Global by their due dates.
- **Final exam: 70 %.** 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).

Recuperation:

Students who are evaluated (handing in the final exam at the end of the first quarter) and do not pass the course (getting a final grade less than 5, i.e. “suspens”) will have a second chance through a **recuperation exam** that will take place in the second term, in one of the two Saturdays set in the academic calendar. The recuperation exam will have the same characteristics as the final exam (same contents, same weight, same minimum score required). Note that only those who have participated and failed can take the recuperation exam: those who already have a passing grade cannot change it; and those who have not taken the first final exam (classified as “no presentat”) will have to take the course again the following year. There will be no recuperation in September.

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
Week 1		I.1 Expectations: the Basic Tools	
Class 1	Class 2		
Thursday 27.09.12	Friday 28.09.12		
Week 2		I.2 Financial Markets and Expectations	
Class 3	Class 4		
Thursday 04.10.12	Friday 05.10.12		
Week 3		I.3 Expectations, Consumption, and Investment	Problem set 1 due (Sunday 14.10.12)
Class 5	No class		
Thursday 11.10.12	Friday 12.10.12		
Week 4		I.4 Expectations, Output, and Policy	Seminar 1
Class 6	Class 7		
Thursday 18.10.12	Friday 19.10.12		

Week 5		II.1 Output, the interest rate and the exchange rate	Problem set 2 due (Sunday 28.10.12)
Class 8	Class 9		
Thursday 25.10.12	Friday 26.10.12		
Week 6			Seminar 2 Problem set 3 due (Sunday 04.11.12)
No class	No class		
Thursday 01.11.12	Friday 02.11.12		
Week 7		II.2 Exchange Rate Regimes	Seminar 3 Problem set 4 due (Sunday 11.11.12)
Class 10	Class 11		
Thursday 08.11.12	Friday 09.11.12		
Week 8		III.1 The crisis of 2007-2010 III.2 High Debt	Seminar 4 Problem set 5 due (Sunday 18.11.12)
Class 12	Class 13		
Thursday 15.11.12	Friday 16.11.12		

Week 9		III.3 The sovereign debt crisis III.4 High Inflation	Seminar 5 Problem set 6 due (Sunday 25.11.12)
Class 14	Class 15		
Thursday 22.11.12	Friday 23.11.12		

Week 10		IV.1 Monetary and Fiscal Policy Rules	Seminar 6
Class 16			
Thursday 29.11.12			