

Macroeconomics I (22105)

Degree/study: International Business Economics

Course: Second

Term: First

Number of ECTS credits: 5

Hours of student's dedication: 125

Language of instruction: English

Professor: Marc Teignier Baqué (marc.teignier@upf.edu)

Office hours: Tuesdays, 14:30-15:30 (office: 23.302)

Schedule: Monday and Tuesday, 15.30 – 17.00 (30/9/2013 – 8/12/2013); classroom 40.148

Seminars: Ana Figueiredo; Thursday, 12.30-14.00 (group 101), 10.30-12.00 (group 102), 9.00-10.30 (group 103).

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 **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:

a) **Problem sets and seminars: 30 %.**

Problem sets would require solving sample problems related to the material covered in class. The problem sets are *far more important* than their relative weight would indicate. They provide excellent opportunities to apply concepts from the lectures and the material in them is likely to appear in the exams. Solutions can be written in groups of no more than 3 students, and only one solution per group can be handed in. Solutions must be **handwritten** and submitted in class (typically during seminars), or scanned in .pdf format and submitted through Aula Global by their due dates. **Solutions sent by email are NOT allowed in any circumstance.** Active participation requires asking meaningful questions, answering questions from the professors in a meaningful way, and in general participating to the discussion in the seminar class with meaningful interventions. Students must attend seminars in the subgroup to which they are assigned. Attending seminars is entirely voluntary, but strongly encouraged, as you will have the chance to be exposed to real-world applications of the theoretical concepts covered in the course. The grades on problem sets are awarded as follows:

A: Excellent. This grade is given if at least 80% of the answers are correct, and the student show a good amount of effort in trying to solve all the problems.

B: Sufficient. This grade is given if at least 40% of the answers are correct, and the students show a good amount of effort in trying to solve all the problems.

C: Insufficient. This grade is given in all other cases.

b) Midterm Exam : 30 %.

During the **seminar** on Thursday 31st of October there will be a written examination on the material in part I of the course (see section 3 above). Students must take the midterm exam in the subgroup to which they are assigned.

c) Final Exam: 60 %.

The final exam will take place during the final evaluation period (Dec. 09th – Dec. 20th, exact date TBA), and will cover only the material in part II and III of the course (see section 3 above).

Make-up of midterm exam.

Students who did not take the midterm exam must answer additional questions during the final exam. The questions will cover part I, and they will be distributed at the end of the final exam, and time to answer questions will be provided accordingly. In that case, the final exam will count 90% of the total grade (the remaining 10% for problem sets and seminars participation). The same option is available to students who are not satisfied with their grade on the midterm exam. However, students handing in these additional questions will automatically renounce to the score obtained in the midterm exam (even if higher!).

Recuperation exam

Students who are evaluated and do not pass the course (getting a final grade less than 5, i.e. “suspens”) will have a second chance through a **recupeartion exam** that will take place in the second term, in one of the two Saturdays set in the academic calendar (February 1st or 8th 2014, exact date TBA). The make-up exam will cover the entire material of the course. Note that only those who have participated and failed can take the make-exam: those who already have a passing grade cannot change it; and those who have not taken the first final exam will have to take the course again the following year. There will be no make-up exam 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 will be provided by the professors during the course. Teaching resources such as slides, exercises, etc. will be made available on Moodle / Aula Global. It is recommended that students get into the habit of browsing the daily newspapers like *The Wall Street Journal* or *The Financial Times*, or the weekly magazine *The Economist* at least once every two weeks. This will provide some context for the course.

6. Methodology

The course will last 10 weeks. The professor will teach 16 classes of theory for the joint groups. In addition there will be 6 seminars in smaller subgroups dedicated to deepening understanding of the class material, to discuss solutions to sample problems, and implement real world applications of the main concepts studied in class.

Coming to class and review sessions is not compulsory (but no credit for class participation will be given if you do not participate). However, the lectures will be more mathematical than the text, and will contain material from sources different than the textbook.

7. Activities Planning

Weeks		Topics	Problem Sets and Seminars
Week 1		Course introduction. I.1 Expectations: the Basic Tools	
Class 1	Class 2		
Monday 30.9.13	Tuesday 01.10.13		
Week 2		I.2 Financial Markets and Expectations NO THEORY SESSION ON TUESDAY	Problem set 1 , due on Monday 7/10.
Class 3			
Monday 07.10.13	Tuesday 08.10.13		
Week 3		I.3 Expectations, Consumption, and Investment	Problem set 2 , due on Monday 14/10. Seminar 1
Class 4	Class 5		
Monday 14.10.13	Tuesday 15.10.13		
Week 4		I.4 Expectations, Output, and Policy	Problem set 3 , due on Monday 21/10.
Class 6	Class 7		
Monday 21.10.13	Tuesday 22.10.13		
Week 5		NO THEORY SESSIONS	Problem set 4 , due on Monday 28/10. Seminar 2: MIDTERM EXAM
Monday 28.10.13	Tuesday 29.10.13		
Week 6		II.1 Economic Policy in an Open Economy	Seminar 3
Class 8	Class 9		
Monday 04.11.13	Tuesday 05.11.13		

Week 7		II.2 Exchange Rate Regimes	Problem set 5 , due on Monday 11/11. Seminar 4
Class 10	Class 11		
Monday 11.11.13	Tuesday 12.11.13		
Week 8		III.1 The crisis of 2007-2010	Problem set 6 , due on Monday 18/11. Seminar 5
Class 12	Class 13		
Monday 18.11.13	Monday 19.11.13		
Week 9		III.2 High Debt III.3 High Inflation	Problem set 7 , due on Monday 25/11. Seminar 6
Class 14	Class 15		
Monday 25.11.13	Tuesday 26.11.13		
Week 10		IV.1 Monetary and Fiscal Policy Rules NO THEORY SESSION ON TUESDAY	
Class 16			
Monday 02.12.13	Tuesday 03.12.13		