

# 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](mailto:marc.teignier@upf.edu)), office 23.302.

Office hours: Mondays, 16:30-17:30 (by e-mail).

**Schedule:** Monday and Tuesday, 14.30 – 16.00; classroom 40.148.

**Seminars:** Mehregan Ameri; Thursday, 12.30-14.00 (group 101), 10.30-12.00 (group 102), 9.00-10.30 (group 103); classroom 20.175.

## 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

The course builds upon the material you learned in Intermediate Macroeconomics. The course consists of three parts. In the first part, we will extend the basic IS-LM model by introducing the role of expectations, and we will look at their effect on the economic activity and on economic policies. In the second part, we will consider the interaction between international trade and the domestic economy. In the third part, we will study episodes of major decline in economic activity and we will analyze the financial crisis started in 2008. We will conclude by exploring recent developments in the analysis and the design of monetary and fiscal policies.

In particular, the course will cover the following topics (in parenthesis the corresponding chapter numbers in the main textbook):

#### **Part 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)

#### **Part II. The Open Economy: Exchange rates and policy choice**

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

#### **Part III. Pathologies**

- III.1 The crisis of 2007-2010 (Chapter 20)
- III.2 High Debt (Chapter 21)
- III.3 The Euro debt crisis (additional readings)
- III.4 High Inflation (Chapter 22)
- III.5 Monetary and Fiscal Policy Rules (Chapters 23-24)

### 4. Bibliography and Teaching Resources

**Required Text:** Blanchard, A. Amighini and F. Giavazzi, *Macroeconomics: A European Perspective* Pearson/Prentice Hall, 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. 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*. This will provide some context for the course.

## 5. Evaluation

The evaluation is divided into 2 categories: (i) continuing evaluation activities (max 100 points) and (ii) a final exam at the end of the quarter (max. 100 points).

The total score of the course will be determined taking the highest value between:

- The simple average ( $50\% \times \text{Score Continuing evaluation} + 50\% \times \text{Score Final Exam}$ ).
- The final exam ( $100\% \times \text{Score of Final Exam}$ ).

In order to pass the course, students must have obtained at least 40/100 both in the final exam and the continuing evaluation.

### 5.1. Continuing evaluation (100 points):

#### a) Weekly quizzes (10 points):

Quizzes (multiple choices tests) on the material covered in class will be posted on Aula Global on a weekly basis.

#### b) Problem sets (15 points):

Students will get 5 problem sets during the course, which will 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 corresponding material 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 uploaded in .pdf format through Aula Global by their due dates. If a case of plagiarism is detected (using the TURNITIN software), it will be punished with a score 0 for all the problem sets, for all the members of the groups involved. **Solutions sent by email are NOT allowed in any circumstance.**

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 shows 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.

#### c) Seminar participation (15 points):

Active participation in seminars requires attending the seminars and participating to the discussion with meaningful interventions (e.g. asking meaningful questions, answering questions from the professors in a meaningful way). The seminar activities may include solving sample problems, discussing newspapers articles, and presenting the results of problem sets.

#### d) Midterm Exam (60 points):

On Thursday, Oct. 30<sup>th</sup>, there will be a written examination on the material of part I of the course (see section 3 above). Students must take the midterm exam in the subgroup to which they are

assigned.

## **5.2. Final examination (100 points)**

The final exam will take place on Tuesday, December 16<sup>th</sup> from 11.30-13.30, and will cover the entire material of the course.

## **5.3. Make-up exam (Recuperació)**

Students who took the final exam, but did not pass the course (getting a final grade of “suspens”) will have a chance to make-up their final exam during one of the two Saturdays set in the academic calendar (February 7<sup>st</sup> or 14<sup>th</sup> 2015). The make-up exam will cover the entire material of the course.

Students who already obtained a passing grade cannot change it; and those who did not take the final exam in December will have to take the course again the following year. There will be no make-up exam in September 2015.

## **6. Methodology**

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