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UNIVERSITAT POLITÈCNICA  
DE CATALUNYA  
BARCELONATECH

# TEACHING GUIDE MACROECONOMICS 2024-25

## GENERAL INFORMATION

<b>Course:</b>	MACROECONOMICS
<b>Code:</b>	801105
<b>School year:</b>	2024-25
<b>Degree:</b>	Grado en Administración y Dirección de Empresas
<b>ECTS credits:</b>	6
<b>Year and semester:</b>	3 <sup>rd</sup> Course, 2 <sup>nd</sup> semester
<b>Academic area:</b>	Social sciences
<b>Academic area head:</b>	PhD. Cristina Cáliz
<b>Last revision:</b>	July 2024
<b>Professor Responsible:</b>	PhD. Alfonso Fernández Pascual

## 1. COURSE DESCRIPTION

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This course covers basic topics in macroeconomics and is divided into 3 main chapters. In these three chapters, the course presents the basic variables related to the macroeconomic performance of the economies as well as the main basic macroeconomic models and how to analyze the impact of fiscal and monetary policies on the outcome of an economy. The course focuses on understanding the main macroeconomic variables and their relationship with the well-being of the citizens of a country (chapter I). Also, the course presents the basic macroeconomic models that can be used to understand the performance of an economy in the short and long term. Moreover, these models are useful to understand how fiscal and monetary policies impact the performance of an economy (chapter II). Finally, the course analyses the basic concepts related to economies that are operating in international markets (chapter III).

Learning methodology will rely on both the conceptual and graphical development of the basic macroeconomic models.

## 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.

- Analyze and understand different ways of measuring economic growth (GDP) and inflation.
- 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 sustainable growth.
- Demonstrate knowledge of the demand policies (fiscal and monetary policies) and their effects on the macroeconomic aggregates in the short run and the long run.
- Understand what causes unemployment and how the government can reduce high levels of unemployment.
- Interpret the Keynesian and Classical views on government intervention.
- Analyze how exchange rates are determined and how they affect the current account.
- Understand the impact of supply-side policies on governmental objectives.

### 3. CONTENT

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#### UNIT 1: Introduction to Macroeconomics

- 1.1 What does Macroeconomics study?
- 1.2 Measurement of National Income.
- 1.3 Consumer Price Index.
- 1.4 Unemployment Rate.

#### Learning outcomes

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

#### UNIT 2: Measuring a Nation's Income

- 2.1 The circular flow.
- 2.2 What determines the production level?
- 2.3 Distribution of National Income.

2.4 What determines the demand?

2.5 Equilibrium.

### Learning outcomes

- Interpret differences in income across countries.
- Account for the contribution of each factor to the growth of countries.
- Interpret how the wealth is distributed among agents.

## UNIT 3: The monetary system

3.1 What is money?

3.2 Role of banks.

3.3 Money supply.

### Learning outcomes

- Understand how money is created.
- 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.
- Understand the meaning of money and learn the monetary aggregates used to measure money supply.

## UNIT 4: Inflation

4.1 The quantity theory of money.

4.2 Inflation and interest rates.

4.3 Demand for money.

4.4 Social Costs of Inflation.

### Learning outcomes

- Demonstrate knowledge of the costs and benefits of inflation.
- Understand why policymakers prefer a low but positive inflation rate rather than deflation.
- Interpret the economic costs of inflations and define how inflation and deflation create winners and losers.

## UNIT 5: Aggregate Demand – Aggregate Supply Model

- 5.1 Business cycle.
- 5.2 Time horizons.
- 5.3 Aggregate Demand.
- 5.4 Aggregate Supply.
- 5.5 Stabilization Policy

### Learning outcomes

- 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.
- Interpret the basics of the aggregate demand – aggregate supply model.
- Understand the aggregate demand and the factors that affect the aggregate demand of an economy.
- Analyze the macroeconomic equilibrium in the economy.
- Demonstrate knowledge about the tools used to stabilize the economy.

## UNIT 6: IS-LM Model: Theory

- 6.1 The goods market and the IS Curve. The Keynesian Cross
- 6.2 The Money market and the LM Curve
- 6.3 Short-run equilibrium.

### Learning outcomes

- Interpret the aggregate consumption function, which shows how current disposable income affects consumer spending.
- Analyze the macroeconomic equilibrium of an economy.
- Demonstrate the multiplier process, which shows how initial changes in spending can lead to further changes in spending.

## UNIT 7: IS-LM: Applications

- 7.1 Fiscal policies.
- 7.2 Monetary policies.
- 7.3 Interaction between fiscal and monetary policies.
- 7.4 Relationship between IS-LM and Aggregate Demand.
- 7.5 IS-LM in the short and long run.

### Learning outcomes

- Demonstrate knowledge of different macroeconomic policies.
- Evaluate the result of economic policies.
- Predict the general behavior of the economy.
- Demonstrate knowledge of the different types of fiscal policies that the governments 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.
- Identify the effects of the monetary policy and its success to smooth the business cycle.

### UNIT 8: The tradeoff between inflation and unemployment.

- 8.1 AS-AD equilibrium and expected prices.
- 8.2 Inflation, unemployment and the Phillips Curve.
- 8.3 Short run trade-off between inflation and unemployment.
- 8.4 Long run Phillips Curve.

### Learning outcomes

- Understand the trade-off between low unemployment and low inflation in the short- run.
- Identify the relationship between unemployment and inflation.
- Interpret the relationship between unemployment and inflation in the short but also in the long run.
- Identify the effects of different economic policies on inflation and unemployment in the short but also in the long-run.

### UNIT 9: Economic Growth

- 9.1 Accumulation of capital.
- 9.2 The golden rule.
- 9.3 Population growth.
- 9.4 Technological progress.

### Learning outcomes

- Understand what causes differences in income over time and across countries.
- Demonstrate that differences in income across time and countries come from differences in capital, labor and technology.
- Understand the Solow model.
- Understand how savings, population growth and technological progress affect the output and growth of an economy.

## 4. LEARNING METHODOLOGY

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### Face-to-face groups

The learning methodology is based in:

- a) 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 (see the planning of the course available in the Campus Euncet online classroom).
- b) Problems: in-class activities dedicated to problem-solving. The purpose is to reinforce the learning of the theoretical concepts. Students will solve one problem set per unit.

All teaching material will be available in the Campus Euncet online classroom of the course.

### Blended learning groups:

The learning methodology is based on:

- a) Lectures: the lecturer explains the main topics of each chapter, making special reference to the graphical analysis and its correspondence with the real economic world.
- b) Work at home: The students shall complement these explanations with the study at home. It is recommended to attend each class with the study of the previous chapter, in order to allow the proper advance of the subject.
- c) Problems and tests: at the end of each chapter the students shall be encouraged to solve problems and/or tests related to the topics treated. These activities shall be done by groups or individually according to the teacher's instructions.

All teaching material will be available in the Campus Euncet online classroom of the course.

## 5. GRADING

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

$$FM = \text{Mark from final exam} \times 60\% + \text{Mark from continuous assessment} \times 40\%$$

- The final exam has two attempts.
- To compute the FM the student must obtain at least 40 points out of 100 in the final exam.
- The student passes the course if the FM is equal to or higher than 50 points out of 100.
- The schedule of the activities included in the continuous assessment will be available in the Campus Euncet online classroom of the course and will be explained in the first session of the semester.

### Continuous assessment activities:

#### Face-to-face groups:

Activity	Description	% Continuous Assessment	
Course work:			<b>40%</b>
Problem Set 1	Exercises in groups	10%	
Problem Set 2	Exercises in groups	10%	
Essay	Individual Essay	30%	
Mid-term Exam	Exam	50%	
Final exam:			<b>60%</b>
	Final exam	100%	

#### Blended learning groups:

Activity	Description	% Continuous Assessment	
Course work:			<b>40%</b>
Problem Set 1	Exercises in groups	10%	
Problem Set 2	Exercises in groups	10%	
Essay	Individual Essay	30%	
Mid-term Exam	Exam	50%	
Final exam:			<b>60%</b>
	Final exam	100%	



## 6. REFERENCES

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### 6.1. BASIC REFERENCE

- MANKIW, N.G. (2022), *Macroeconomics*, Worth Publishers, New York, USA.

### 6.2. COMPLEMENTARY REFERENCES

- CASE, K.E. ; FAIR, R.C. and OSTER, S.C. (2011), *Principles of Economics*, Pearson, 10th edition, USA.
- KRUGMAN, P. and WELLS, R. (2015), *Macroeconomics*, Worth Publishers, 4th edition, New York, USA.
- MOCHÓN, F. (2009), *Economía, teoría y política*, McGrawHill, 6th edition, Spain.
- PARKIN, M. (2022), *Macroeconomics*, Pearson, 14th edition, USA.

The instructor may recommend additional topic-specific readings or materials throughout the semester.