

FOUNDATIONS OF MACROECONOMICS

IE University

Professor: **ANTONIO ZAMORA GARCIA**

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Academic year: 23-24

Degree course: FIRST

Semester: 1º

Category: BASIC

Number of credits: 6.0

Language: English

PREREQUISITES

Mathematics.

SUBJECT DESCRIPTION

Macroeconomics is the branch of economics that studies the behaviour of the economy as a whole, as a single aggregate. It is the science that seeks to identify what makes a country's economy dynamic and healthy and what can explain the troubles and instability sometimes experienced by some economies. We can consider as a healthy economy the one that experiences steady growth, full employment, low inflation, sound public finances and a balanced external sector. Therefore, the field of Macroeconomics is the one that helps understand, prevent, and eventually counteract, the reasons for low growth, high unemployment and sharp cyclical swings.

Prevailing and prospective aggregate economic conditions should always be a key consideration when making all kinds of business decisions. The right business environment is a prerequisite for the success of any entrepreneurial projects, as well as for getting reasonable returns on any financial investment.

Students in the Macroeconomics course will get acquainted with basic macroeconomic thinking and will get a general and overarching perspective on the skills and information to understand more advanced macroeconomic topics. The final aim is that this methodology becomes a useful tool that students can apply in their future professional career.

OBJECTIVES AND SKILLS

2.1. OBJECTIVES

After completing this course, students should be capable of analyzing and understanding current economic events, of appraising the overall state of any economy, of identifying the reasons for its healthy or unhealthy state, and of making their own critical assessment regarding macroeconomic policies in place (often the subject of heated economic debates). For this, the course will develop the theoretical background that helps explain the links between the main macroeconomic aggregates, and it will do so with a strong focus placed on the practical implications of the underlying theory. Analytical treatment of the core theory will be kept as simple as possible, mainly supported by graphical analysis. Within the economics science, Macroeconomics is the discipline that remains more controversial when it comes to choose a single theoretical model that explains real life events. Students will be introduced to the main existing schools of thought and will be invited to assess for themselves the practical usefulness of the different theoretical approaches.

2.2. SKILLS

Students are expected to acquire the following skills:

Cognitive:

- Good understanding of the basic general equilibrium model and its applications
- Understanding the relationships among the main macroeconomic aggregates
- Knowledge of macroeconomic policy tools and options
- Understanding the relationship between economic policies and economic performance
- Knowledge of the main schools of thought in macroeconomics and understanding of their basic concepts and principles
- Familiarity with economic thinking and economic language
- Familiarity with official sources of economic data, serious sources of economic news and institutional sources of economic analysis

Instrumental:

- Use of basic models to analyze real life economic events and to make policy inferences
- Capacity to abstract and work with simplified versions of reality
- Familiarity with graphical analysis
- Ability to communicate economic arguments and economic analysis in precise and concise manner

Attitude:

- Think critically about the limits of economic theory and be able to question experts' assessments with sound arguments
- Be open to different views and arguments regarding economic events (macroeconomic problems often have alternative solutions)
- Take a broad and comprehensive approach for the analysis of economic issues (there is a very large number of factors interacting in the economy)

METHODOLOGY

All sessions will combine reviews of the theoretical concepts, discussions of real life economic events, and practical exercises of macroeconomic analysis. Theoretical reviews and practical analysis during sessions will take similar shares of time, therefore students should be ready to work on their own and study the theory with the help of interactive study material and the course textbook. Interactive learning material and detailed guidelines will be provided at the beginning of the course to support self-study, students are strongly encouraged to raise any remaining questions and doubts in the regular sessions. Students are expected to participate actively in all modalities of learning activities.

The time dedication suggested for a good course performance is the following:

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	26.67 %	40 hours
Discussions	13.33 %	20 hours
Exercises	13.33 %	20 hours
Group work	16.67 %	25 hours
Other individual studying	30.0 %	45 hours
TOTAL	100.0 %	150 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

A Tour of the Course

Support material:

Syllabus

Assignments Instructions

SESSION 2 (LIVE IN-PERSON)

Key Macroeconomic Indicators

Book Chapters: Chapter 2 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 3 (LIVE IN-PERSON)

Key Macroeconomic Indicators

Book Chapters: Chapter 2 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 4 (LIVE IN-PERSON)

The Demand Side: the Goods market

Book Chapters: Chapter 3 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

The Demand Side: The Goods market and the Goods market in open economies

Book Chapters: Chapter 3 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

Book Chapters: Chapter 18 (sections 1, 2, 3) O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 6 (LIVE IN-PERSON)

The Demand Side: the Goods Market and the Goods market in open economies

Book Chapters: Chapter 3 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

Book Chapters: Chapter 18 (sections 1, 2, 3) O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 7 (LIVE IN-PERSON)

The Demand Side: The Demand for Money, The Financial Markets

Book Chapters: Chapter 4, O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 8 (LIVE IN-PERSON)

The Demand Side: The Demand for Money, The Financial Markets

Book Chapters: Chapter 4 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 9 (LIVE IN-PERSON)

The Demand Side: The Demand for Money, The Financial Markets

Book Chapters: Chapter 4 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 10 (LIVE IN-PERSON)

Short run equilibrium in Goods and Financial Markets: The IS-LM Model

Book Chapters: Chapter 5 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

Short run equilibrium in Goods and Financial Markets: The IS-LM Model

Book Chapters: Chapter 5 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 12 (LIVE IN-PERSON)

Short run equilibrium in Goods and Financial Markets: The IS-LM Model

Book Chapters: Chapter 5 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 13 (LIVE IN-PERSON)

The Supply Side: The Labor Market

Book Chapters: Chapter 7 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 14 (LIVE IN-PERSON)

The Supply Side: The Labor Market

Book Chapters: Chapter 7, O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 15 (LIVE IN-PERSON)

Midterm Exam 1

SESSION 16 (LIVE IN-PERSON)

The Supply Side: The Labor Market

Book Chapters: Chapter 7, O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 17 (LIVE IN-PERSON)

Putting All Markets Together: AS - AD Model

Book Chapters: Chapter 7, O. Blanchard, Macroeconomics 5th Edition, 2009 (ced)

SESSION 18 (LIVE IN-PERSON)

Putting All Markets Together: AS - AD Model

Book Chapters: Chapter 7, O. Blanchard, Macroeconomics 5th Edition, 2009 (ced)

SESSION 19 (LIVE IN-PERSON)

Putting All Markets Together: AS - AD Model

Book Chapters: Chapter 7, O. Blanchard, Macroeconomics, 5th Edition, 2009 (ced)

SESSION 20 (LIVE IN-PERSON)

The Economy in the Long Run: The Facts of Growth

Book Chapters: Chapter 10, O. Blanchard Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 21 (LIVE IN-PERSON)

The Economy in the Long Run: The Facts of Growth

Book Chapters: Chapter 10, O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 22 (LIVE IN-PERSON)

The Economy in the Long Run: The Facts of Growth

Book Chapters: Chapter 10, O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 23 (LIVE IN-PERSON)

Openness in Goods and Financial Markets

Book Chapters: Chapter 17 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 24 (LIVE IN-PERSON)

Openness in Goods and Financial Markets

Book Chapters: Chapter 17 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 25 (LIVE IN-PERSON)

The Story of Macroeconomics

Book Chapters: Chapter 24 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 26 (LIVE IN-PERSON)

The Story of Macroeconomics

Book Chapters: Chapter 24 , O. Blanchard, Macroeconomics Global Edition, 8th Edition, 2020 (See Bibliography)

SESSION 27 (LIVE IN-PERSON)

Course Projects

SESSION 28 (LIVE IN-PERSON)

Course Projects

SESSION 29 (LIVE IN-PERSON)

Course Projects

SESSION 30 (LIVE IN-PERSON)

Midterm Exam 2

BIBLIOGRAPHY

Compulsory

- Olivier Blanchard. (2020). *Macroeconomics*. Eighth Edition - Global Edition. Pearson. ISBN 9781292351476 (Printed)
Textbook

Recommended

- Pineda, José, et.al.. *Macroeconomics and Natural Resources: Preliminary Edition*. KendallHunt. ISBN 9781792440403 (Digital)

- N. Gregory Mankiw. (2019). *Macroeconomics*. 10th. Macmillan Learning. ISBN 1319243584 (Printed)

Recommended reading

- Gregory Mankiw and Mark Taylor. (2020). *Economics*. Cengage. ISBN 9781473768 (Digital)

- Paul Krugman and Robin Wells. (2018). *Macroeconomics*. 5th. Macmillan Learning. ISBN 1319181953 (Digital)

Recommended readings

- Robert. J. Gordon. (2013). *Macroeconomics*. 12th. Pearson. ISBN 1292022078 (Digital)

Recommended readings

- Steven Greenland et al.. *Principles of Macroeconomics 2e*. openstax. ISBN 9780198810247 (Digital)

- The Core Team. *The Economy*. Oxford University Press. ISBN 9780198810247 (Digital)

EVALUATION CRITERIA

ORDINARY

Your final grade in the course will be based on the following criteria:

Criteria	Percentage	Comments
Participation	10 %	
2 Midterm Exams	50 %	
Term Project	20 %	
Other Learning Activities	20 %	

Passing the course will require a minimum average grade of 5/10 in the two midterms. Failing the course will mean retaking all the course material in the extraordinary call.

Up to ten extra points (over 100) can be awarded (bonus) or extracted (malus) for extraordinary contributions (+) or penalties for class missbehavior (-)

Participation: two main criteria will be used in reaching judgment about your participation, frequency and quality of your contributions. Participating in debates and in class practical exercises is compulsory. Lack of contribution in those activities will be graded as 0.

There will be **two midterm exams** worth 25% each. They will each cover about half of the course program. The exams will be in person.

Detailed instructions will be available in campus online by the beginning of the course regarding the **Term Project**.

Detailed instructions will be available in campus online by the beginning of the course Regarding **Learning Activities**.

RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or “re-sit”) in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)
- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the extraordinary call.
- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0).

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

- Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

PROFESSOR BIO

- Advanced Studies in International Economic Policy Research, Kiel Institute for the World Economy
- International Executive MBA, IE Business School
- Master in Artificial Intelligence Applied to Financial Markets, BME
- BA in Economics, Universidad Complutense, Madrid
- BA in Sociology, Universidad Complutense, Madrid
- Economics and Finance professor in different business schools since 2005
- Head of International Analysis at AFI, Madrid (1997-1999)
- Head of Market Strategy at Banco Urquijo and Banco Sabadell, Madrid (1999-2012)
- Head of Research and Strategy at Banco Madrid, Madrid (2012-2015)
- Head of Market Strategy at Ahorro Corporación Financiera, Madrid (2015-2017)
- Founder and Partner at MacroYield (2017-present)
- Founder and Partner at MBIT School (2014-present)

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OTHER INFORMATION

ADDITIONAL MATERIALS

Other recommended reading (all available online at IE library)

Magazines

- The Economist
- Harvard Business Review
- Forbes
- Bloomberg Business Week

Newspapers

- Financial Times
- Wall Street Journal
- The New York Times

Other News

- Bloomberg (www.bloomberg.com)
- Reuters (www.reuters.com)

OTHER COURSE RULES

IE's attendance policy states that you can miss up to 30% of the sessions without having to justify them. The professor does not manage attendance policy in any way, other than taking note of presence or absence of the student. The professor will not request, nor accept, documents justifying absences. She will not cancel or dispense for any absences. Any requests should be addressed to the program management. Students absent for more than 30% of the course sessions will fail the course.

Cell phones are a source of distraction, they should be turned off and out of sight during all live sessions; failure to do so will be penalized in the evaluation for class participation and, if necessary, reflected on extraordinary malus on the final grade.

Whether classes are attended in-person or online, you are expected to be on time. Late arrival is always a disruption. I pass attendance at the beginning of the session, if attendance has been passed at your arrival, your absence will not be modified.

Participation in class debates is compulsory, and participation grades are provided and revised all through the course. Feedback is available, upon request, on a continuous basis during the course, but once the course is over no feedback or discussion on participation grades will be available.

OFFICE HOURS:

questions over email: 7/7

presential/online tutoring: by appointment

Contact details: email: azg@faculty.ie.edu

