

MACROECONOMICS

**Bachelor in Philosophy, Politics, Law and Economics PPLE
SEP-2023 MAC-PP.2.S.A**

Area Economics

Number of sessions: 30

Academic year: 23-24

Degree course: SECOND

Number of credits: 6.0

Semester: 1º

Category: BASIC

Language: English

Professor: **MIGUEL ANGEL YAGÜE GURUCHARRI**

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MIGUEL ANGEL YAGÜE GURUCHARRI

I. Professional Experience:

Senior Advisor at Boston Consulting Group - Strategic advisor to Supervisors and Financial Entities.

2008-2020 Partner and leader of the Finance and Risk Practice in Iberia (at some periods including Latam) at Oliver Wyman

* Execution Leader and Senior Expert in multiple strategic assignments on financial stability and supervisory topics for multiple supervisors, including:

- Leader in the execution of the Independent Evaluation / Systemic Stress testing exercise of the Spanish Banking System in 2012 (Bank of Spain, ECB, IMF, EBA), identifying €60 billion of capital shortfall, laying the groundwork for the restructuring and recovery of the Spanish financial sector and contributing to the resolution of the sovereign debt crisis.
- Multiple systemic capital forecasting and stress testing exercises for various countries and supervisors, including Slovenia, Portugal, Mexico, etc.
- Other public policy topics include: impact of strategic credit growth alternatives, pricing of asset transfers to bad bank, benchmarking of banking supervision models, reconciliation of capital measures across countries, Asset Quality Review, etc.

* Execution leader and/or Senior Expert in multiple strategy projects for leading banks in different geographies (Spain, Portugal, Italy, Peru, Mexico, Colombia, etc.) and topics (strategy, financial planning and forecasting, credit portfolio modeling and management, risk transformation, balance sheet restructuring, cost efficiency, risk appetite, etc.).

* Member of the European Finance and Risk Management Committee, leader of the New Generation Risk platform and European Leader of the Retail Risk agenda.

2000-2007 Consultant, Manager and Senior Manager at Oliver Wyman

1999 Intern at Risk Department, Argentaria (BBVA)

1997 Junior Consultant, Cluster Competitividad

1997 Research Analyst, Welsh Development Agency

II. Academic background:

2000 Master in Economics and Finance by CEMFI (Bank of Spain)

1998 Degree Studies in Economics with Highest Award (Premio Extraordinario) by the University of Barcelona

III. Books and papers:

1. Co-author of the following books:

- "Financial Management. An international Approach" (McGraw-Hill. 2016, 2022) (published in Spanish);
- "31 Keys for Risk Management in Banking" (Colegio de Economistas de Madrid. 2015) (published in Spanish);

2. Co-author of the following articles:

- "A New Approach for the Deposit Insurance Fund". Estabilidad Financiera, 2007
- "The Eternal Challenge of Understanding Imperfections". e-Risk, 2005
- "Business cycles and Rating Tools". Risk Magazine, 2003

Regular speaker in Conferences on banking, risk, finance and supervisory topics

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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.

LEARNING OBJECTIVES

2.1. OBJECTIVES

Given its introductory nature, the basic objective of the course is to familiarize students with basic macroeconomic concepts and with the methodology that scholars and practitioners in the economic discipline use to understand and explain decision making and the economic problems and phenomena that surround us.

After completing this course, students should be capable of analyzing and understanding current economic events, appraising the overall state of any economy, identifying the reasons for its healthy or unhealthy state, and 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.

2.2. SKILLS

Students are expected to acquire the following skills:

Cognitive (Know)

- Analyze the behavior of economic agents (consumers and businesses) and the operation of markets.
- Understand economic institutions through the study of theories as to how the economy works.
- Learn macro-aggregate economic concepts and their use.
- Understand the general workings of the overall economy over the short and the long run.
- Explore the use of economic models to make predictions about the real world.

Procedures (Know How)

- Apply economic criteria based on the use of technical tools to the analysis of simple economic problems.
- Use the relevant information to evaluate the current economic environment and possible evolution of business and markets.
- Use the course material to analyze new economic problems and reason in a rigorous and systematic way.
- Identify the sources of relevant economic information.
- Draw relevant information from data that non-experts would be unable to appreciate.
- Improve the ability to present and discuss in a coherent manner, whether in a written text or public exposition, the results of a specific economic study.

Attitude (Being)

- Improve individual problem solving, confront problems in a rigorous and systematic fashion and think critically.
- Develop the ability to share and discuss the results with other students.
- Encourage an entrepreneurial and positive attitude when faced with new problems, and encourage students to overcome failure.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor's main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

Learning Activity	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	40.0 %	60.0 hours
Discussions	10.0 %	15.0 hours
Exercises in class, Asynchronous sessions, Field Work	10.0 %	15.0 hours
Group work	20.0 %	30.0 hours
Individual studying	20.0 %	30.0 hours
TOTAL	100.0 %	150.0 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

The Macroeconomic Perspective

Introduction to the Course: Syllabus and Course Evaluation

SESSION 2 (LIVE IN-PERSON)

The Macroeconomic Perspective

The Story of Macroeconomics

Book Chapters: Blanchard, Oliver (2020). Macroeconomics. Chapter 24, 8th. Pearson. (Book) (See Bibliography)

SESSION 3 (LIVE IN-PERSON)

Measuring a Nation's Well Being and Price Level (I/III)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 20. (Book) (See Bibliography)

Book Chapters: Blanchard, Oliver (2020). Macroeconomics. Chapter 3, 8th edition (Book) (See Bibliography)

SESSION 4 (LIVE IN-PERSON)

Measuring a Nation's Well Being and Price Level (II/III)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 20. (Book) (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

Measuring a Nation's Well Being and Price Level (III/III)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 20. (Book) (See Bibliography)

SESSION 6 (LIVE IN-PERSON)

Production and Growth (I/II)

Book Chapters: Chapter 16, The Economy (The CORE project)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 21. (Book) (See Bibliography)

SESSION 7 (LIVE IN-PERSON)

Production and Growth (II/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 21. (Book) (See Bibliography)

SESSION 8 (LIVE IN-PERSON)

Income, Inequality and Poverty (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 16. (Book) (See Bibliography)

SESSION 9 (LIVE IN-PERSON)

Income, Inequality and Poverty (II/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 16. (Book) (See Bibliography)

SESSION 10 (LIVE IN-PERSON)

Unemployment and the Labour Market (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 22. (Book) (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

Unemployment and the Labour Market (II/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 22. (Book) (See Bibliography)

SESSION 12 (LIVE IN-PERSON)

The Monetary system (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 24. (Book) (See Bibliography)

SESSION 13 (LIVE IN-PERSON)

The Monetary system (II/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 24. (Book) (See Bibliography)

SESSION 14 (LIVE IN-PERSON)

Workgroups - Thinking as a Minister of Economics (part I)

Review session

SESSION 15 (LIVE IN-PERSON)

Midterm Exam

SESSION 16 (LIVE IN-PERSON)

Business cycles (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 26. (Book) (See Bibliography)

SESSION 17 (LIVE IN-PERSON)

Business cycles (II/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 26. (Book) (See Bibliography)

SESSION 18 (LIVE IN-PERSON)

Keynesian Economics and IS-LM Analysis

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 27. (Book) (See Bibliography)

SESSION 19 (LIVE IN-PERSON)

Aggregate Demand and Aggregate Supply

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 28. (Book) (See Bibliography)

SESSION 20 (LIVE IN-PERSON)

The Influence of Monetary and Fiscal Policy on Aggregate Demand (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 29. (Book) (See Bibliography)

SESSION 21 (LIVE IN-PERSON)

The Influence of Monetary and Fiscal Policy on Aggregate Demand (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 29. (Book) (See Bibliography)

SESSION 22 (LIVE IN-PERSON)

The Short-run Trade-off between inflation rate and unemployment

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 30. (Book) (See Bibliography)

SESSION 23 (LIVE IN-PERSON)

Supply-side Economics (I/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 31. (Book) (See Bibliography)

SESSION 24 (LIVE IN-PERSON)

Supply-side Economics (II/II)

Book Chapters: Mankiw, Gregory and Taylor, Mark (2020). Economics. Chapter 31. (Book) (See Bibliography)

SESSION 25 (LIVE IN-PERSON)

Workgroups - Thinking as a Minister of Economics (part II)

SESSION 26 (LIVE IN-PERSON)

SIMULATION

10 DOWNING STREET, Gayle Allard, IE Publishing

Games & Simulations: Case: 10 Downing Street (EEN090064-U-ENG-HTM)

SESSION 27 (LIVE IN-PERSON)

Group Assignment Presentations

SESSION 28 (LIVE IN-PERSON)

Group Assignment Presentations

SESSION 29 (LIVE IN-PERSON)

Review Session.

SESSION 30 (LIVE IN-PERSON)

Final Exam

EVALUATION CRITERIA

Class Participation is compulsory. Grade will be based on two main criteria: frequency and quality of contributions to class debates.

Regular attendance is required in order to receive credit for class participation. According to the University rules, students are required to attend at least 70% of all the sessions scheduled in the course. Absences beyond this limit will automatically result in a zero for the course. No justifications will be necessary for the unattended sessions within the allowed limits.

Workgroups/Assignments. It will include assignments for you to work individually and within a group. Detailed Instructions are handed out the first days of class.

Final Course Project. An empirical project on an economic topic (15% grade) from Doing Economics: students must, using real-world data, investigate important policy problems and strengthen the link between real-world phenomena and economic concepts and models covered in class. Detailed instructions will be available in campus online by the beginning of the course.

Intermediate tests/Mid-term Exams. Both exams will have a similar structure: Multiple-choice questions. You need an average of 5 out of 10 in both Midterms to pass the course.

If by any chance you have problems to attend the first midterm, you will then be given the option to take a make-up exam covering the whole course program during the last session of this course (i.e. during the Session 30. Note that students who took both midterms will not be allowed to take the make-up exam.

criteria	percentage	Learning Objectives	Comments
Intermediate Tests	50 %		There will be TWO Midterm Exams, 25% each.
Workgroups	25 %		
Group Presentation	15 %		
Class Participation	10 %		

RE-SIT / RE-TAKE POLICY

RE-SIT/RETAKE 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.

BIBLIOGRAPHY

Compulsory

- Greenlaw, Steven et al. *Principles of Macroeconomics 2e*. 2nd edition. openstax. ISBN 9781680920987 (Digital)

This book is available in an online version only and can be acquired via:

<https://openstax.org/details/books/principles-macroeconomics-ap-courses-2e>

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

This book is available in an online version only and can be acquired via:

<https://core-econ.org/the-economy/>

- Gregory Mankiw and Mark Taylor. (2023). *Economics*. 6th edition. Cengage. ISBN 9781473786981 (Printed)

- Olivier Blanchard. (2020). *Macroeconomics*. 8th. Pearson. ISBN 9781292351476 (Printed)

Recommended

- Krugman, Paul and Robin Wells. *Macroeconomics*. ISBN 9781319320195 (Digital)

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

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

