

# MACROECONOMICS

## IE University

Academic year: 20-21  
Degree course: FIRST  
Semester: 2º  
Category: BASIC  
Number of credits: 6.0  
Language: English

### PREREQUISITES

There are no mandatory prerequisites

### SUBJECT DESCRIPTION

Macroeconomics focuses on the economy as a whole. Macroeconomics addresses the following questions: What causes recessions? What makes unemployment stay high when recessions are supposed to be over? Why do some countries grow faster than others? Why do some countries have higher standards of living than others? Macroeconomics involves adding up the economic activity of all households and all businesses in all markets to obtain the overall demand and supply in the economy. Macroeconomics also studies government tools such as monetary and fiscal policies to affect growth, unemployment and inflation.

### OBJECTIVES AND SKILLS

We will study macroeconomics from three different perspectives:

What are the macroeconomic goals?

What are the frameworks economists can use to analyze the macroeconomy?

What are the policy tools governments can use to manage the macroeconomy?

Students will develop the following skills:

- Basic economic concepts including aggregate demand (AD) and aggregate supply (AS)
- How to analyze the drivers of economic growth
- How to analyze unemployment
- How to analyze inflation
- Understand the Neoclassical perspective
- Understand the Keynesian perspective
- How to analyze monetary policy including managing the money supply and interest rates
- How to analyze fiscal policy including changes in government spending/purchases and taxes

### METHODOLOGY

Basic economic concepts and theoretical tools will be taught in lectures and developed skills applied in practical activities covering real issues. Participation in class, discussions, exercises and group work will strengthen the learning process. Individual studying will be key to succeed in examinations.

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	33.33 %	50 hours
Discussions	16.67 %	25 hours
Exercises	16.67 %	25 hours
Group work	16.67 %	25 hours
Other individual studying	16.67 %	25 hours
TOTAL	100.0 %	150 hours

## PROGRAM

### SESSIONS 1 - 2 (FACE TO FACE)

The Macroeconomic Perspective

*B.C.: Principles of Macroeconomics 2e Chapter 6 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapter 1 (Required)*

### SESSIONS 3 - 4 (FACE TO FACE)

Economic Growth

*B.C.: Principles of Macroeconomics 2e Chapter 7 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapter 5 (Required)*

### SESSIONS 5 - 6 (VIDEOCONFERENCE)

Unemployment

*B.C.: Principles of Macroeconomics 2e Chapter 8 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapter 7 (Required)*

### SESSIONS 7 - 8 (FACE TO FACE)

Inflation

*B.C.: Principles of Macroeconomics 2e Chapter 9 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapter 10 (Required)*

### SESSIONS 9 - 10 (NON-CLASS LEARNING)

Additional readings, games and simulations

### SESSIONS 11 - 12 (FACE TO FACE)

The International Trade and Capital Flows

*B.C.: Principles of Macroeconomics 2e Chapter 10 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapter 11 (Required)*

### **SESSIONS 13 - 14 (VIDEOCONFERENCE)**

The Aggregate Demand/Aggregate Supply Model

*B.C.: Principles of Macroeconomics Chapter 11 (Required)*

### **SESSION 15 (NON-CLASS LEARNING)**

Review session before midterm exam (sample questions)

### **SESSION 16 (NON-CLASS LEARNING)**

Midterm exam

### **SESSIONS 17 - 18 (FACE TO FACE)**

The Keynesian Perspective

*B.C.: Principles of Macroeconomics Chapter 12 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapters 8 and 9 (Required)*

### **SESSIONS 19 - 20 (FACE TO FACE)**

The Neoclassical Perspective

*B.C.: Principles of Macroeconomics Chapter 13 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapters 2 and 3 (Required)*

### **SESSIONS 21 - 22 (VIDEOCONFERENCE)**

Money and Banking

*B.C.: Principles of Macroeconomics Chapter 14 (Required)*

*B.C.: Macroeconomics and Natural Resources Chapter 10 (Required)*

### **SESSIONS 23 - 24 (NON-CLASS LEARNING)**

Additional readings, games and simulations

### **SESSION 25 (FACE TO FACE)**

Monetary Policy and Bank Regulation

*B.C.: Principles of Macroeconomics Chapter 15 (Required)*

### **SESSION 26 (FACE TO FACE)**

Exchange Rates and International Capital Flows

*B.C.: Principles of Macroeconomics Chapter 16 (Required)*

### **SESSION 27 (FACE TO FACE)**

Government Budgets and Fiscal Policy and The Impacts of Government Borrowing  
*B.C.: Principles of Macroeconomics Chapter 15 and 18 (Required)*

### **SESSION 28 (FACE TO FACE)**

Macroeconomic Policy Around the World  
*B.C.: Principles of Macroeconomics Chapter 19 (Required)*

### **SESSION 29 (NON-CLASS LEARNING)**

Review session before midterm exam (sample questions)

### **SESSION 30 (NON-CLASS LEARNING)**

Final Exam

### **BIBLIOGRAPHY**

#### **Compulsory**

- Greenlaw, Steven et al.. *Principles of Macroeconomics 2e*. openstax. ISBN 1947172433 (Electronic)  
<https://openstax.org/details/books/principles-microeconomics-ap-courses-2e>.
- Pineda, José, et.al.. *Macroeconomics and Natural Resources: Preliminary Edition*. KendallHunt. ISBN 9781792440403 (Electronic)

#### **Recommended**

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

### **EVALUATION CRITERIA**

The assessment methods will be a midterm and a final exam in which students will apply their knowledge of the subject to concrete issues, an individual essay related to current macroeconomic problems and a group project to address a global matter using the tools acquired during the term.

<b>Criteria</b>	<b>Percentage</b>	<b>Comments</b>
Final Exam	30 %	
Intermediate Tests	30 %	Midterm
Individual Work	20 %	Individual assignment
Workgroups	20 %	Group assignment