

Academic Year/course: 2021/22

27428 - Macroeconomics III

Syllabus Information

Academic Year: 2021/22

Subject: 27428 - Macroeconomía III

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 417 - Degree in Economics

ECTS: 6.0

Year: 4

Semester: First semester

Subject Type: Compulsory

Module:

1. General information

1.1. Aims of the course

That the student is able to understand the way in which the different temporal perspectives of macroeconomic behavior are integrated and the importance that wealth, savings, investment, expectations and productivity growth have in this integration.

These approaches and objectives are aligned with the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda number 3 and 9, in such a way that the acquisition of the learning results of the subject provides training and competence to contribute to a certain extent to their achievement.

1.2. Context and importance of this course in the degree

Of the three main objectives set for the degree, the first two refer to the knowledge of "the nature of the economy and the immediate and mediate, national and international economic environment" and to the "models and techniques of representation and interpretation of economic reality?", respectively. To complete the contribution made by the subjects Macroeconomics I and Macroeconomics II to both objectives, the subject Macroeconomics III responds.

The subject and its expected results respond to the need to complete the student's training in the area of ??Macroeconomics for a competent and professional development of their work as an economist. With the contents provided, the student will have a complete perspective on the behavior of the economy in the long term, what is important in the short term and what are the keys that link both temporal perspectives.

Due to its location in the second cycle - fourth year - of the study program, the subject applies knowledge already acquired in other compulsory subjects and basic training such as Mathematics I and Mathematics II (Basic linear algebra, Differential calculus, Optimization), Principles of Economics, Microeconomics I, II, III and IV, Macroeconomics I and II, Economic History, Statistics I and II, Econometrics I and II.

On the other hand, receiving a good training in Macroeconomics leaves the student in perfect disposition to adequately located knowledge of Economic Policy, Spanish Economy, Regional and International Economy, Public Economy, Economic Growth, Financial Economy, Economy of Innovation or Labor Economy.

1.3. Recommendations to take this course

It is convenient to have studied and approved Macroeconomics I and II, as well as Microeconomics I and II. It is also necessary to refresh calculus knowledge.

2. Learning goals

2.1. Competences

Upon passing the subject, the student will have acquired the following skills:

Generic competences

G1. Capacity for analysis and synthesis.

G4. Ability to understand and interpret texts of an economic nature.

G15. Ability to apply knowledge in practice.

Specific competences

- E1. Understand the macroeconomic variables that regulate the economy and their interrelation with the management of companies and public administrations.
- E3. Understand the role and instruments of intervention of the public sector in the allocation of resources, the redistribution of income and economic stability.
- E8. Provide rationality to the analysis and description of any aspect of economic reality.
- E14. Identify the sources of relevant economic information and exploit their content to intervene in economic reality.

2.2. Learning goals

In order to pass this subject, the student must demonstrate sufficient knowledge of the real and financial macroeconomic factors that determine the interrelationships that occur in the short term of a closed economy and the repercussions they have on the trend or long-term behavior considering the coherence that must exist both between the dynamics of flows and the accumulation of stocks and in the intertemporal decisions of economic agents. This knowledge will be verified by diagnosing the problems posed by particular situations in a country or region and judging the best economic policy alternatives to solve them.

The student, passing this subject, will be able for:

- a) To identify the agents, assets, flows, expectations, prices and relevant variation rates in the dynamic behavior of the aggregate economic system, differentiating between the short and long term.
- b) To specify the budgetary restrictions that agents, markets and economies must respect globally so that the sequence imposed by the passage of time in dynamic models guarantees coherence between flows and the accumulation of stocks.
- c) To deepening the aggregate resource allocation processes described in Intermediate Macroeconomics, improving the explanation of the decisions of the agents regarding the mechanisms of production, income distribution and economic stabilization to which the functioning of the markets gives rise.
- d) To know the limits and consequences that the rigidity of some markets, especially the labor market, imposes on the dynamic behavior of economies in the short and long term.
- e) To characterize the significance of the effect that some expectations, variation rates and accumulation of assets have both in the short and long term and link the effect in these two time perspectives.
- f) To clearly differentiate the role that financial, nominal and real variables play according to the time perspective in aggregate economic systems.
- g) To anticipate the effects of economic policy instruments on the behavior of the main markets and on the mechanisms of production and distribution of income, differentiating between the short and long term.
- h) To clearly delimit the characteristics of the trend behavior of the economy and the elements that correspond to movements that can be characterized as cyclical.

2.3. Importance of learning goals

The transcendence of the contents of the subject lies in the achievement of a complete perspective of the aggregate behavior of an economy where the short, medium and long-term perspectives are integrated into a complete vision in which the dynamic aspects such as the relationship between flows and stocks, expectations and productivity growth are key.

3. Assessment (1st and 2nd call)

3.1. Assessment tasks (description of tasks, marking system and assessment criteria)

The student must demonstrate that they have achieved the expected learning outcomes through the following assessment activities:

- 1.-Continuous assessment tests, which each assess the mastery of skills and the acquisition of macroeconomic knowledge based on a part of the course program.
- 2.- A final exam where the acquisition of knowledge and mastery of the subject's competences is assessed from the overall program of the subject.

The tests will consist of questions in the resolution of theoretical and / or theoretical-practical exercises.

It is planned that these tests will be carried out in person but if health circumstances require it, they will be carried out blended or online. In the case of online evaluation, it is important to note that, in any test, the student may be recorded, being able to exercise their rights through the procedure indicated in:

https://protecciondatos.unizar.es/sites/protecciondatos.unizar.es/files/users/lopd/gdocencia_reducida.pdf?

The necessary software will be used to verify the originality of the activities carried out. The detection of plagiarism or copying in an activity will imply a score of 0 points in it. Evaluation criteria and qualification

The qualification of the different evaluation activities will be carried out through the evaluation procedures indicated below:

- 1. Continuous evaluation. It will be carried out through two tests that will consist of solving theoretical-practical exercises

associated with a part of the subject. They will be carried out during class hours, distributed evenly throughout the course. The subject will be considered passed by this means if the average of the two tests (valued over 10 points) is equal to or greater than 5 points and in none of them has a grade lower than 3.5 points been obtained.

In order to access the continuous assessment tests, it will be an essential requirement to have participated in at least 85% of the classes in the group in which each student is enrolled.

2.-Final exam.

The student who does not opt for continuous evaluation, who does not pass the subject through continuous evaluation or wants to improve his grade, will have the right to take the global test, prevailing, in any case, the best of the grades obtained. The global test will be a final exam consisting of a set of theoretical or practical questions to be developed from a theoretical and / or practical point of view through graphic and mathematical analyzes and with the macroeconomic transmission mechanisms that are addressed in the classes of The subject.

Both procedures will allow, where appropriate, to pass the subject with the highest grade. The procedure chosen will always be the one that is most favorable for the student.

The professors will publish the qualification of the continuous evaluation one week in advance of the completion of the final exam. The evaluation in second call will be carried out through a global test similar to the final exam mentioned above.

The level of knowledge of the student about the theoretical-practical contents developed in the classroom by the teacher, the adequate use of economic language and the handling of techniques developed in class for solving problems.

The evaluation of the fifth and sixth call students will be carried out according to the Agreement of December 22, 2010 of the Governing Council that approves the regulation of learning evaluation standards of the University of Zaragoza.

Evaluation criteria

The evaluation will take into account:

1. The analytical correction.
2. The reasoned and coherent explanation of the arguments used.
3. The correct and timely use of economic concepts.
4. The level of knowledge and management of the techniques developed in class to solve the practical exercises.

4. Methodology, learning tasks, syllabus and resources

4.1. Methodological overview

The learning process that has been designed for this subject is based on the following two points:

1.-Participative master classes. In them, the teacher will explain the fundamental contents of the subject. The student must complement the explanations with the recommended bibliography.

2.-Practical classes. In them, students will solve practical exercises, always under the teacher's supervision. For its development, the group will unfold, which facilitates student participation.

4.2. Learning tasks

The program offered to the student to help him achieve the expected results comprises four types of activities.

- 1.-Theoretical classes. Credits: 1,2.
- 2.-Practical classes. Credits: 1,2. Methodology: Attendance to classes, problem solving and case studies applying the precise technical tools.
- 3.-Tutorials and seminars. Credits: 0.6 Methodology: Tutoring and complementary activities.
- 4.-Personal work. Credits: 3 Methodology: Solving exercises. Use of ICT. Job preparation and exam preparation

The teaching methodology is expected to be face-to-face. However, if necessary for health reasons, classes will become partly or fully online

4.3. Syllabus

Part 1. Introduction and basic model:

Lesson 1: The structure of the short-run basic macroeconomic model

- 1.INTRODUCTION: The macroeconomic problems. The facts to be explained. Intermediate macroeconomy explained in the second year of the degree. The limitation of the static models. Brief synthesis of the current state of the macroeconomic knowledge.
2. CHARACTERISTICS OF THE SHORT-RUN BASIC MODELS: Agents, markets, equations for agent's behaviour and equilibrium conditions. Three typical models: classic model, keynesian model and Tobin's model. Properties of the models.
3. KEYNESIAN MODEL: Resolution of the equilibrium and effects of exogenous changes.
4. CLASSICAL MODEL: Resolution of the equilibrium and effects of exogenous changes.
5. TOBIN'S MODEL: Resolution of the equilibrium and effects of exogenous changes.
6. DISCUSSION ON THE RELEVANCE OF THE DIFFERENT MODELS.

Part 2. Macroeconomic consistency and microeconomic foundations:

Lesson 2: Macroeconomic consistency

1. PRELIMINARS: Agents and assumptions on their behaviour. Macroeconomic wealth definition. Discrete and continuous time. Ex-ante and ex-post situations . Expectations. Notation.
2. BUDGET RESTRICTIONS OF THE AGENTS IN DISCRETE TIME
3. BUDGET RESTRICTIONS OF THE AGENTS IN CONTINUOUS TIME
4. EX-POST SAVINGS-INVESTMENT RELATIONSHIP
5. AN EXPLICIT CONSIDERATION OF THE FINANCIAL SYSTEM

Lesson 3: Microeconomic foundations: consumption, investment and money demand:

1. THE AGGREGATE CONSUMPTION DEMAND: The problems of the keynesian consumption function. The intertemporal decision. The permanent income hypothesis. The life-cycle hypothesis.
2. THE INVESTMENT FUNCTION: Tobin's q model.
3. THE MONEY DEMAND FUNCTION: Justification. Traditional formulations. Money channel versus credit channel in the monetary transmission mechanism.
4. WAGE AND PRICE EQUATIONS: Phillips curve and its versions. Mark-up models.

Part 3. Complete short-run model:

Lesson 4: A consistent macroeconomic model

1. WEALTH EFFECTS: Equations, hypothesis, resolution and sufficient conditions for the existence of equilibrium.
2. CONSISTENT MODEL WITH WEALTH EFFECT: Resolution and effects of exogenous changes.
3. PARTICULAR MODELS: Resolution and effects of an exogenous changes compared to the consistent model with wealth effect. Model without wealth effect.
4. THE INFLUENCE OF THE CREDIT CHANNEL.

Part 4. Long-run model:

Lesson 5: The long-run consistent macroeconomic model

1. DYNAMIC MODELS AND EXPECTATIONS.
2. LONG-RUN MODEL IN CONTINUOUS TIME.
 - 2.1. Model specification.
 - 2.2. Definitions of equilibrium in dynamic models.
 - 2.3 Steady state characterization.
 - 2.4. Determination of the steady state values.
 - 2.5. The effect of exogenous changes in the steady state.
 - 2.6. The influence of the credit channel.
3. OTHER SIMPLE DYNAMIC MODELS: THE SOLOW MODEL.

APPENDIX: MEDIUM TERM MODEL IN CONTINUOUS TIME

- A.1. The model.
- A.2. Steady state characterization.
- A.3. Determination of the steady state values.
- A.4. Example of the effect of an exogenous change.