

27430 - Macroeconomics IV

Syllabus Information

Academic year: 2023/24

Subject: 27430 - Macroeconomics IV

Faculty / School: 109 - Facultad de Economía y Empresa

Degree: 417 - Degree in Economics

ECTS: 6.0

Year: 4

Semester: Second semester

Subject type: Compulsory

Module:

1. General information

The objective of this subject is to enable the student to handle dynamic models in order to understand the origins and problems of economic cycles, as well as the functioning and accounting of long-term growth drivers.

These approaches and goals are aligned with the following Sustainable Development Goals (SDGs) of the United Nations Agenda 2030 (<https://www.un.org/sustainabledevelopment/es/>), so that the acquisition of the learning results of the subject provides training and competence to contribute to some extent to their achievement. These objectives are Goal 3: Health and wellness, Goal 4: Quality education, Goal 8: Decent work and economic growth and Goal 9: Industry, innovation and infrastructure.

2. Learning results

In order to pass this subject, the student must demonstrate a complete knowledge of the particularities of the functioning of an economy, especially the oscillations of the economic activity, the evolution of prices and of the external balance. The student must know how to judge the economic situation at any given moment from the perspective of cycles and that of growth, being able to highlight the most relevant problems in each of these perspectives. The student who passes this subject should be able to:

- a) Understand the behaviour of an open economy and the effectiveness of fiscal and monetary policies in that context.
- b) Understand i) the relevance of expectations in economic cycles based on competitive equilibrium cycle models, ii) the importance of learning in the formulation of such expectations, and iii) the dynamic inconsistency that arises from the interaction between economic policy and agents
- c) Identify when market rigidities generate cycles and how to correct situations that can aggravate the negative effects of crises
- d) Describe the mechanisms by which certain economic activities can play the role of drivers of economic growth

Specifically, the generic and specific competencies are as follows:

Generic competencies

- G1. Ability to analyse and synthesise.
- G4. Ability to understand and interpret economic texts
- G7. Ability to communicate fluently in their environment.
- G15. Ability to apply knowledge in practice.

Specific competencies

- E8. Bring rationality to the analysis and description of any aspect of economic reality.
- E10. Issue advisory reports on specific situations of the economy (international, national or regional) or of sectors of the economy.
- E17. Use deductive reasoning in conjunction with models to explain economic phenomena.

3. Syllabus

Part 1: Open economy

Unit 1. ALTERNATIVE MODELS OF OPEN ECONOMY

1. Open economy issues.
2. The Dornbusch overshooting model.

Part 2: Economic cycles

Unit 2. STYLIZED REPRESENTATIONS OF FLUCTUATIONS

ECONOMIC: COMPETITIVE EQUILIBRIUM CYCLES

1. Models of competitive equilibrium cycles: The New Classical Macroeconomics.
2. Rationality of expectations and learning.
3. Economic policy issues: dynamic inconsistency and reputation.

Unit 3. STYLIZED REPRESENTATIONS OF FLUCTUATIONS

ECONOMIC: PRICE RIGIDITIES

1. Questions about rigidities in markets.
2. Models with rigidities: the neo-Keynesian Phillips Curve and IS and current monetary policy with the Taylor rule.

Unit 4. RIGIDITIES IN THE LABOR MARKET

1. The insiders and outsiders model.
2. The matching model in the labour market.

Part 3: Economic growth

Unit 5. ECONOMIC GROWTH MODELS

1. Drivers of economic growth.
2. The Ramsey model of exogenous growth
3. The Lucas model: human capital and growth

4. Academic activities

The schedule of class hours for the subject is as follows:

Subject	Theory	Practices	Total
1	6	6	12
2	6	6	12
3	6	6	12
4	6	6	12
5	6	6	12
Total hours	30	30	60

Key activities of the subject are the presentation of voluntary exercises on the blackboard, as well as the comments and summaries of readings. It is understood that in order to correctly assimilate these concepts, it is necessary that this time is dedicated in the indicated amount and with the greatest possible continuity to it.

The distribution for the student of the 6 ECTS is as follows:

Lectures: 28 hours, Practical classes: 28 hours, Personal Study: 90 hours, Evaluation Tests: 4h

5. Assessment system

Assessment activities:

- 1.- Continuous evaluation tests.
- 2.- Final exam of first and second calls.

Assessment and grading criteria

1. Continuous assessment It will be carried out through two tests that will consist of the resolution of theoretical and practical exercises associated to a part of the subject. They will be distributed evenly throughout the term. The student will pass the subject in this way if the average of the two tests (valued out of 10 points) is equal to or higher than 5 points and in none of them a grade lower than 3.5 points has been obtained. In order to access the continuous assessment tests it will be an essential requirement to have actively participated in at least 85% of the classes of the group in which each student is enrolled or, alternatively, to have participated in at least 75% of the classes of the corresponding group and to have participated in joint activities of the subject with other subjects of the Economics degree or with other Degrees.

2.- Final exam. Students who do not opt for the continuous evaluation or who do not pass the subject through the continuous evaluation must take the global test. This test will consist of a set of theoretical or practical questions to develop through graphical, mathematical and economic analysis that are addressed in the classes of the subject.

The assessment in the second call will be carried out by means of a global test similar to the exam mentioned above.