



## Grado en Administración y Dirección de Empresas 27312 - Macroeconomics I

Course 2014 - 2015

Curso: 2, Semestre: 1, Créditos: 6.0

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### Basic information

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#### Teachers

- **Jesús Serafín Clemente López** clemente@unizar.es
- **Francisco Fatás Villafranca** ffatas@unizar.es
- **Pedro García Castrillo** pgarcia@unizar.es
- **Pilar Carolina Ibor Monesma** cibor@unizar.es
- **Eduardo Francisco Pozo Remiro** epozo@unizar.es
- **Fernando Pueyo Baldellou** fpueyo@unizar.es
- **Cesar Leonardo Guerrero Luchtenberg** cleonardo@unizar.es
- **Isabel Almudí Higuera** ialmudi@unizar.es
- **Inmaculada García Mainar** igarcia@unizar.es

#### Recommendations to attend this course

The student must understand and be able to handle basic knowledge from Lineal Algebra, Differential Calculus and Static Optimization. Additionally, basic knowledge from Statistics, Microeconomics I and Economic History is recommended.

#### Course Schedule and Deadlines

Activities and key dates will be explained in class and posted on the web page of the subject when the academic term starts. The dates of the final exams can be consulted on the web pages of the Faculty.

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### Home

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#### Learning outcomes that define this course

## **The student, in order to pass the course, will have to show her/his competence in the following skills:**

- 1:** Identify the agents, assets, flows and relevant prices in any aggregate economic system.
- 2:** Describe the aggregate processes of resource allocation, especially in production mechanisms, income distribution and economic stabilization which result from the functioning of the markets.
- 3:** Identify the nature, limits and consequences of the flexibility and rigidity of markets – especially of the labour market – on the aggregate behaviour of economies.
- 4:** Distinguish clearly between the financial, nominal and real behaviours of aggregate economic systems.
- 5:** Foresee the effects of the current economic policy tools on the behaviour of the main markets and on mechanisms of production and income distribution.

## **Introduction**

### **Brief presentation of the course**

Macroeconomics I represents the students' first contact with macroeconomic analysis. The subject is made up of two clearly different blocks:

In the first part, basic concepts and objectives are introduced, as well as the questions we aim to offer answers for, and the tools and instruments we use. The principle variables used in Macroeconomics will be studied, which make up the basic elements of the models to be formulated in both Macroeconomics I and Macroeconomics II.

In the second part, the students will start to work with the fundamental tool they will use in this subject matter: macroeconomic models. The objective of the second part is to analyze how a closed economy works from a short-term perspective. Beginning with a study of the markets of goods and money, within an initial perspective of constant prices, we then formulate and analyze the IS-LM model. Afterwards, we will study the behaviour of the productive sector of economy which allows us to explain, within the framework of a closed economy, how prices are determined. This will be done via a model (model OA-DA) in which the supply and demand sides of the economy interact. The role of fiscal and monetary economic policies will be analyzed, focussing on their short-term effects on relevant variables of the economy.

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## **Competences**

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### **General aims of the course**

#### **The expected results of the course respond to the following general aims**

One of the general objectives of these studies is that *“graduates must know the connection of the normal development of all these functional areas with the general objectives of the productive unit, and of these objectives with the global context of the economy...”*. Macroeconomics I is aimed at defining and modelling substantial aspects of this global context of the economy.

Among its specific goals, the subject deals with the acquisition of knowledge and skills over a series of aspects – the first of which is *“the nature of the company and its relationship with the immediate and “near immediate” economic environment.”* Macroeconomics deals with the characterization of this environment; to be specific, with the aims laid out in annex 1.d): *“the explanation of the aggregate production, of the effect of the quantity of money, inflation, unemployment and economic growth. The role of economic policy tools”, and in 1.f)*, which includes *“the national and international economic reality, the importance of different productive sectors, of the public sector, of economic institutions and their evolution.”*

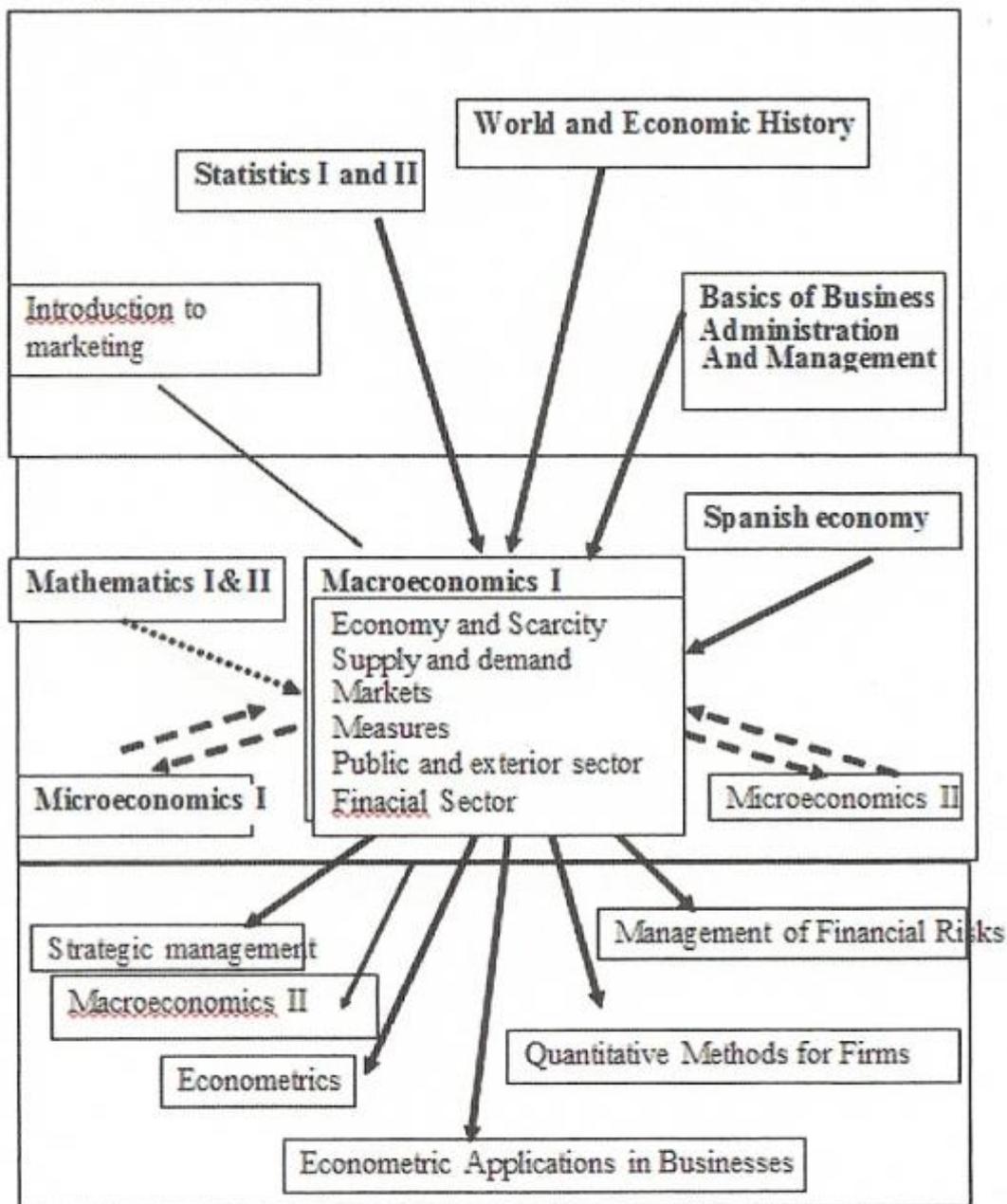
As this subject is in the second year of the first cycle of the study programme, it will apply knowledge already acquired in

other basic and compulsory subjects such as Mathematics I and Mathematics II (basic lineal algebra, differential calculus, optimization), Microeconomics I and Economic History. The subject will also be complemented with subjects from areas such as Microeconomics II, Statistics I and II, and Econometrics.

Likewise, a good level in Macroeconomics will provide students with a suitable context for following subjects such as Economic Policy, Spanish Economics, Regional and International Economics, Public Economics, Economic Growth, Financial Economics, Innovation and Labour Economics.

### Context/Importance of the course for the master degree

The relation between this subject and others in the degree can be seen in the following graph:



Key for the vectors of influence:  
 Dotted arrow: requirements  
 Dashed arrows: related or connected subjects  
 Continuous arrows: usage

## **After completing the course, the student will be competent in the following skills:**

- 1:** Show a capacity for resolving problems.
- 2:** Show a capacity for analysis and synthesis.
- 3:** Show a capacity for applying knowledge in practical situations.
- 4:** Evaluate the current situation and foreseeable evolution of firms and organizations, make decisions and extract relevant knowledge.
- 5:** Issue advisory reports on specific situations of markets, sectors, organizations, firms and their functional areas.
- 6:** Understand and apply professional criteria and scientific rigour to solving economic, business and organizational problems.

## **Relevance of the skills acquired in the course**

The subject matter and its expected results respond to the need to prepare students in the field of Macroeconomics for the development of their professional career. Macroeconomics I also lays the foundations for students to obtain the most benefit from Macroeconomics II.

As stated previously, studying Macroeconomics provides students with an essential preparation to be able to acquire knowledge of economic policy, Spanish economics, regional and international economics, public economics, economic growth, financial economics, innovation economics and labour economics.

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## **Evaluation**

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### **Assessment tasks**

**The student will prove that he/she has achieved the expected learning results by means of the following assessment tasks:**

- 1:** Continuous assessment testing which evaluates the acquisition of macroeconomic knowledge based on part of the subject programme.
- 2:** A final exam assessing the acquisition of knowledge based on the overall subject programme.

### **Assessment criteria**

Marking of the different assessment activities will be carried out via the following assessment procedures:

**1.-** Continuous assessment. This will be carried out via three tests made up of multiple-choice questions and/or the resolution of practical-theoretical exercises associated with part of the subject. This testing will be carried out within class-time, spread out homogeneously over the course. The student will be considered to have passed the subject in this way if the average of the three tests (marked out of 10) is equal to or over 5, and they have not obtained a mark below 3 in any of the three tests.

**2.-** General overall assessment: students who do not choose the continuous assessment option, or do not pass the subject via continuous assessment, or wish to improve their mark, will be able to sit the general exam. Their final mark will be the best one they achieve in either of the options. The general exam will be a final exam based on a group of practical or theoretical questions.

Students will be able to pass the subject with the maximum mark obtained under either system. If a student decides to use both systems, their final mark will be that which is more favourable for the student.

Continuous assessment marks will be made public by the respective professors a week before the final exam.

The second sitting of the assessment exam will be carried out in a similar way to the final exam mentioned above.

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## Activities and resources

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### Course methodology

**The learning process that has been designed for this course is based on the following activities:**

1. *Participative master classes.* The professor will explain the basic contents of the subject proposing questions to help the students assimilate the contents correctly. Students should complement these explanations with the recommended bibliography.

2. *Practical classes.* Students will solve practical exercises under the supervision of the professor. The groups will be split for these classes so as to facilitate the students' participation and a more personalized attention from the professor

### Outline of the Programme

**The programme offered to the students to help them achieve the learning results includes the following activities :**

**1:**  
***Theoretical Classes:***

Credits: **1.2**

Methodology: Class attendance and participative solving of problems.

**2:**  
***Practical Classes:***

Credits: **1.2**

Methodology: Class attendance, problem solving and case studies applying specific technical tools.

**3:**  
***Tutorials and seminars:***

Credits: 0.6

Methodology: Tutorial and complementary activities.

**4:**  
***Personal Work:***

Credits: **3**

Methodology: Exercise solving. Using ICT. Preparing work projects and exams.

## 5: Program

### Part 1<sup>a</sup>: Introduction and basic concepts:

#### *Chapter 1: Concept and scope of Macroeconomics*

1. Macroeconomics and Microeconomics
2. Macroeconomic Problems

#### *Chapter 2: Basic Aggregate Magnitudes: Basic Elements of the Model*

1. The Institutional Sectors
2. Measuring production in a closed economy: expenditure, income and added value perspectives
3. The Balance of Payments
4. Macromagnitudes in an open economy

### Part 2<sup>a</sup>: The Short Run:

#### *Chapter 3: The Goods Market*

1. The Basic Assumptions
2. Demand, Supply and Equilibrium
3. Comparative Statics
4. Aggregate Demand and interest rate: the IS function

#### *Chapter 4: The Financial Markets.*

1. Money and Financial Assets
2. Financial Intermediaries
3. The Expansion Process of Banking Assets
4. Central Banks and Monetary Policy
5. The Demand for Money
6. Equilibrium in the market for money: the LM function

#### *Chapter 5: Equilibrium in the short run with constant prices- the IS-LM Model*

1. Simultaneous equilibrium in both markets, goods and money
2. Fiscal Policies
3. Monetary Policies
4. Interaction between Monetary and Fiscal Policies

### Part 3<sup>a</sup>: The Complete Model of the Short Run:

#### *Chapter 6: Equilibrium in the short run with variable prices- the AD-AS model*

1. Aggregate Demand
2. Aggregate Supply
3. Equilibrium in the AD-AS model
4. Fiscal and Monetary Policies
5. Changes in the Supply Function

## Course planning

### Calendar of actual sessions and presentation of works

#### MACROECONOMICS I

SUBJECT	THEORY	PRACTICALS	Total
1	2	2	4
2	5	6	12
3	5	5	10
4	5	5	10
5	6	6	12

<b>6</b>	6	6	12
<b>Total</b>	30	30	<b>60</b>

## **Bibliographic references of the recommended readings**

### **Facultad de Economía y Empresa**

- Blanchard, Olivier. : Macroeconomía / Olivier Blanchard, Alessia Amighini y Francesco Giavazzi ; traducción y revisión técnica, Esther Rabasco Espáriz, Luis Toharia Cortés . [5ª ed.] Madrid, [etc.] : Pearson Educación, D.L. 2012
- i-ADE - Blanchard, Olivier : Macroeconomics / Olivier Blanchard, David R. Johnson . - 6th ed., Global ed. Boston [etc.] : Pearson, cop. 2013

### **Facultad de Empresa y Gestión Pública**

- Blanchard, Olivier. : Macroeconomía / Olivier Blanchard, Alessia Amighini y Francesco Giavazzi ; traducción y revisión técnica, Esther Rabasco Espáriz, Luis Toharia Cortés . [5ª ed.] Madrid, [etc.] : Pearson Educación, D.L. 2012

### **Facultad de Ciencias Sociales y Humanas**

- Blanchard, Olivier : Macroeconomía / Olivier Blanchard, Alessia Amighini y Francesco Giavazzi ; traducción y revisión técnica, Esther Rabasco Espáriz, Luis Toharia Cortés . - [5ª ed.] Madrid, [etc.] : Pearson Educación, D.L. 2012
- Blanchard, Olivier. Macroeconomics / Olivier Blanchard, David R. Johnson . 6th ed., Global ed. Boston [etc.] : Pearson, cop. 2013