

Macroeconomics II

Code: 102383
ECTS Credits: 6

Degree	Type	Year	Semester
2501572 Business Administration and Management	OT	4	0
2501573 Economics	OB	3	1

Contact

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Use of languages

Principal working language: spanish (spa)
Some groups entirely in English: Yes
Some groups entirely in Catalan: No
Some groups entirely in Spanish: Yes

Teachers

Javier Fernandez Blanco

External teachers

Jackeline Velazco

Prerequisites

Introduction to Economics

Mathematics 1

Mathematics 2

Statistics 1

Macroeconomics 1

Objectives and Contextualisation

The aim of the course is to analyze basic macroeconomic general equilibrium models. With these models we study rigorously the issue of unemployment and the effect of fiscal policy on economic variables. Their study also helps to complete the model of aggregate supply and demand seen in Macroeconomics I and is the starting point of the growth models that will be presented in Macroeconomics III.

Skills

Business Administration and Management

- Apply mathematical instruments to synthesise complex economic-business situations.

- Capacity for independent learning in the future, gaining more profound knowledge of previous areas or learning new topics.
- Capacity for oral and written communication in Catalan, Spanish and English, which enables synthesis and oral and written presentation of the work carried out.
- Demonstrate an understanding of the basic and intermediate foundations of macroeconomics.
- Demonstrate initiative and work individually when the situation requires it.
- Demonstrate knowledge of the interrelationships between different economies, the role of national and international economies, their evolution and the consequences that may be produced for the company.
- Organise the work in terms of good time management, organisation and planning.
- Select and generate the information necessary for each problem, analyse it and take decisions based on that information.
- Show motivation for carrying out quality work and sensitivity to the consequences for the environment and society.

Economics

- Demonstrate knowledge of the interrelationships between different economies, the role of national and international economies, their evolution and the consequences that may be produced for the company.

Learning outcomes

1. A capacity of oral and written communication in Catalan, Spanish and English, which allows them to summarise and present the work conducted both orally and in writing.
2. Capacity to continue future learning independently, acquiring further knowledge and exploring new areas of knowledge.
3. Demonstrate initiative and work independently when required.
4. Demonstrate motivation regarding the quality of the work performed and sensitivity regarding the consequences on the environment and society.
5. Describe the functioning of the labour market and its frictions.
6. Explain the effects of fiscal and monetary policies on the economy using dynamic general equilibrium models.
7. Formalise the intertemporal decisions of saving, consumption and investment.
8. Organise work, in terms of good time management and organisation and planning.
9. Recognise the models of economic fluctuation of real and New Keynesian economic cycles.
10. Relate unemployment and inflation.
11. Select and generate the information needed for each problem, analyse it and make decisions based on this information.
12. Understand the dynamic nature of economic decisions, and the microeconomic foundations of modern macroeconomics.

Content

TOPIC 1: CONSUMPTION, SAVINGS AND THE INTERTEMPORAL DECISION

- 1.1 The consumer's intertemporal problem
- 1.2 The competitive equilibrium
- 1.3 The life cycle hypothesis
- 1.4 The permanent income hypothesis

TOPIC 2: THE LABOUR MARKET AND UNEMPLOYMENT

- 2.1 The consumption-leisure decision and the labor supply
- 2.2 Labour demand
- 2.3 Competitive equilibrium in the labour market: the classical model

2.4 Efficiency of the classical model

2.5 Unemployment definitions

2.6 Models with unemployment without matching frictions

2.7 Models with unemployment with matching frictions

TOPIC 3: INVESTMENT

3.1 The neoclassical investment function

3.2 Investment and Tobin's q

TOPIC 4: FISCAL POLICY

4.1 Competitive equilibrium with lump sum and proportional taxes

4.2 The ricardian equivalence theorem

4.3 Deficit and public debt: the sustainability of public deficits

4.4 Social security and pensions

TOPIC 5: MONETARY POLICY

5.1 Monetary aggregates

5.2 Monetary policy of the European Central Bank

5.3 The money multiplier

5.4 Money demand: the Baumol-Tobin model

5.5 The Diamond-Dybvig model of banks

TOPIC 6: MACROECONOMIC POLICY WITH IMPERFECT INFORMATION

6.1 The Lucas supply curve

6.2 The Lucas model with rational expectations

6.3 The Phillips curve

6.4 The macroeconomic model with the Phillips supply curve and the role of expectations

6.5 The intertemporal inconsistency of macroeconomic policy

Methodology

In this subject we combine classical lectures with ICT support together with more applied sessions devoted to solving problems and exercises lists.

Activities

Title	Hours	ECTS	Learning outcomes
Type: Directed			
Homework and group discussion	15	0.6	1, 2, 3, 5, 12, 6, 7, 8, 9, 10, 11

Lectures	30	1.2	1, 5, 12, 6, 7, 4, 8, 9, 10, 11
Type: Supervised			
Office Hours	15	0.6	5, 12, 6, 7, 4, 9, 10, 11
Type: Autonomous			
Readings	18.5	0.74	1, 2, 3, 5, 12, 6, 7, 4, 8, 9, 10, 11
Studying, homework preparation and group discussion	67.5	2.7	1, 2, 3, 5, 12, 6, 7, 4, 8, 9, 10, 11

Evaluation

Evaluation criteria:

The evaluation of the course will be held continuously by midterm exams, lists of exercises and problems related with lectures and a final exam. The weight of the final exam, which includes all the material of the course, in the final grade is at least 60%, the calculation of the final grade will be specified on the first day of class.

All students are required to perform tests and other measurable tasks on the dates indicated in the academic calendar of the subject. Under no circumstances they can do extraordinary tests out of the specified dates.

If the student's grade is 5 or higher, the student pass the course and it can not be subject to further evaluation. In the case of less than 4, the student will have to repeat the course the following year. For those students who have obtained a grade that is equal to or greater than 4 and less than 5 there will be a re-evaluation. The teachers of the subject will decide the modality of this re-evaluation. This re-evaluation is scheduled in the last week of the semester. The grade of the re-evaluation will be qualitative and will only have two options: either PASS or FAIL. If the student gets a score of PASS is considered to have passed the subject with a maximum numerical grade equal to 5. If the student gets a grade of FAIL, does not pass the subject and the final score is equal to the grade obtained before the re-evaluation.

A student who does not performs any evaluative test is considered not evaluable, therefore, a student who performs a continuous assessment component can no longer be qualified with a "not evaluable".

Code of honor:

Without prejudice to other disciplinary action as deemed appropriate and in accordance with current academic regulations, it will be qualified with a zero irregularities committed by the student that can lead to a variation of the rating in an act of evaluation. Therefore, copy or to allow copy an exercise or any other evaluation activity will be graded with a zero, and if this activity is necessary to pass the subject, the whole subject will be suspended. Evaluation activities classified in this way and by this procedure will not be recoverable.

Evaluation activities

Title	Weighting	Hours	ECTS	Learning outcomes
Final exam	70%	3	0.12	1, 2, 3, 5, 12, 6, 7, 4, 8, 9, 10, 11
Midterm exams, homework, ...	30%	1	0.04	1, 2, 3, 5, 12, 6, 7, 4, 8, 9, 10, 11

Bibliography

Williamson S.D. (2014); Macroeconomics 5th Edicion, Pearson