

Economics II

Code: 40096
ECTS Credits: 15

Degree	Type	Year	Semester
4313805 Economic Analysis	OB	1	2

Contact

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Use of Languages

Principal working language: english (eng)

Teachers

Francisco Obiols Homs

Alexander Ludwig

External teachers

Ramón Caminal

Prerequisites

No specific prerequisites.

Objectives and Contextualisation

This module covers the second part of the core in modern microeconomics and macroeconomics. The topics seen in this module are the foundation to the models that are used in advanced microeconomics and macroeconomics. The section on microeconomics formally demonstrates, through advanced mathematical techniques, the existence of a general equilibrium and its properties, discussing the fundamental theorems of welfare economics. This section also discusses cases where classical assumptions fail and its consequences. The section on macroeconomics studies mathematical models of general equilibrium under uncertainty and their implications for asset evaluation. This section also provides the student with dynamic programming techniques; these techniques are the necessary tools for solving dynamic models.

Competences

- Capacity to articulate basic economic theory, analytically deriving them from mathematical reasoning
- Conceptually analyse a specific economic problem using advanced analytical tools
- Develop the ability to assess sex and gender inequalities in order to design solutions.
- Express recommendations about economic policy at macro and micro levels
- Make independent judgements and defend them dialectically
- Possess and understand knowledge that provides a basis or opportunity for originality in the development and/or application of ideas, often in a research context
- Student should possess the learning skills that enable them to continue studying in a way that is largely student led or independent

- Students should know how to communicate their conclusions, knowledge and final reasoning that they hold in front of specialist and non-specialist audiences clearly and unambiguously
- Use new technology for the collection and organisation of information to solve problems in professional activities

Learning Outcomes

1. Distinguish between general and partial equilibrium models
2. Frame an economic question in a general equilibrium mathematical model and know how to derive and understand the conclusions deriving from it
3. Know how to apply the instruments of gender perspective in the analysis of organisations.
4. Know how to carry out a gender-sensitive analysis.
5. Know how to carry out research with a gender perspective.
6. Know how to integrate the conditions and needs of women and men, in addition to a human- rights approach, into development-cooperation policies.
7. Know how to make an inclusive and non-sexist use of language.
8. Know the neoclassical assumptions and describe their implications for the behaviour of an aggregate market and for the behaviour of economic aggregates
9. Make independent judgements and defend them dialectically
10. Make recommendations based on general equilibrium models
11. Possess and understand knowledge that provides a basis or opportunity for originality in the development and/or application of ideas, often in a research context
12. Produce, collect and interpret empirical data in a gender-sensitive manner.
13. Student should possess the learning skills that enable them to continue studying in a way that is largely student led or independent
14. Students should know how to communicate their conclusions, knowledge and final reasoning that they hold in front of specialist and non-specialist audiences clearly and unambiguously
15. Use new technology for the collection and organisation of information to solve problems in professional activities

Content

I. Microeconomics II

1. Introduction to General Equilibrium
2. Equilibrium and its Basic Welfare Properties
3. The Positive Theory of Equilibrium
4. The Core and Equilibria
5. Market Power
6. Adverse Selection, Signaling and Screening
7. The Principal Agent Problem

II. Macroeconomics II

1. Asset pricing
2. OLG with money
3. Sidrauski model
4. Cash-in-Advance model
5. Kiyotaki-Wright search theory

6. Imperfect information: Lucas' Islands model

7. New-Keynesian monetary model

8. Monetary and fiscal policy

III. Macroeconomics III

1. Introduction

2. The IM model

3. The general equilibrium of the IM model

4. Optimal income taxation

5. Optimal income taxation in IM economies

6. Models of the labor market

7. Heterogeneous firms

For a detailed description of the content of this module go to
<https://sites.google.com/view/idea-program/master-program> .

Methodology

The course will consist of sessions where the instructor presents the material, and sessions specifically dedicated to problem solving. Students are encouraged to form study groups to discuss assignments and readings.

The proposed methodology may undergo some modifications according to the restrictions imposed by the health authorities on on-campus courses.

Annotation: Within the schedule set by the centre or degree programme, 15 minutes of one class will be reserved for students to evaluate their lecturers and their courses or modules through questionnaires.

Activities

Title	Hours	ECTS	Learning Outcomes
Type: Directed			
Theory classes	112.5	4.5	10, 8, 1, 9, 2, 14, 13, 11, 15
Type: Supervised			
Problems sets, tutorials	75	3	10, 8, 1, 9, 2, 14, 13, 11, 15
Type: Autonomous			
Personal study, study groups, textbook readings, article readings	187.5	7.5	10, 8, 1, 9, 2, 14, 13, 11, 15

Assessment

Final Exams	50%
Class attendance and active participation	20%
Problem sets and assignments	30%

The proposed evaluation activities may undergo some changes according to the restrictions imposed by the health authorities on on-campus courses.

Assessment Activities

Title	Weighting	Hours	ECTS	Learning Outcomes
Class Attendance and Problem sets and assignments	50%	0	0	10, 8, 1, 9, 2, 12, 14, 13, 3, 5, 7, 4, 6, 11, 15
Final Exams	50%	0	0	10, 8, 1, 9, 2, 12, 14, 13, 3, 5, 7, 4, 6, 11, 15

Bibliography

Microeconomics II:

Mas-Colell, A, M. Whinston and J. Green, Microeconomic Theory, Oxford University Press

Macroeconomics II:

Blanchard, O. and Fischer, S., Lectures on Macroeconomics

Walsh, C, Monetary Theory and Policy by (W), MIT Press

Macroeconomics III:

Ljungqvist, L. and T. Sargent, Recursive Macroeconomic Theory, MIT Press

Stokey, N. L., and R. E. Lucas, Recursive Methods in Economic Dynamics, Harvard University Press

Additional references will be provided during the course.

Software

- Matlab
- R
- Python
- Stata