

## COURSE SYLLABUS

Academic year 2012-2013

### 1. COURSE DESCRIPTION

|                         |  |
|-------------------------|--|
| <b>Degree:</b>          | <b>Finanzas y Contabilidad</b><br>(English teaching)             |
| <b>Double Degree:</b>   | <b>Derecho y Finanzas y Contabilidad</b><br>(English teaching)   |
| <b>Course:</b>          | <b>MACROECONOMICS</b><br>(Historia Económica - English teaching) |
| <b>Module:</b>          | <b>II: Extension in Economics and Statistics</b>                 |
| <b>Department:</b>      | <b>Economics, Quantitative Methods and Economic History</b>      |
| <b>Academic Year:</b>   | <b>2012-2013</b>   |
| <b>Term:</b>            | <b>First term</b>  |
| <b>Total Credits:</b>   | <b>6</b>   |
| <b>Year:</b>            | <b>2<sup>nd</sup>/3<sup>rd</sup></b>                             |
| <b>Type of Course:</b>  | <b>Obligatory</b>  |
| <b>Course Language:</b> | <b>English</b>   |

|   |           |            |
|---|-----------|------------|
| <b>Teaching model:</b>  | <b>A1</b> |            |
| <b>a. General/background:</b>                                   |           | <b>70%</b> |
| <b>b. Theory-into-practice/developmental knowledge-building</b> |           | <b>30%</b> |
| <b>c. Guided Academic Activities:</b>                           |           |            |

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### 2. TEACHING TEAM INFORMATION

#### 2.1. Course coordinator DIEGO ROMERO DE ÁVILA TORRIJOS

| 2.2. Teachers         |  |
|-----------------------|--|
| <b>Name:</b>          | DIEGO ROMERO DE ÁVILA TORRIJOS                       |
| <b>Faculty:</b>       | Facultad de Ciencias Empresariales                   |
| <b>Department:</b>    | Economía, Métodos Cuantitativos e Historia Económica |
| <b>Academic Area:</b> | Análisis Económico                                   |
| <b>Category:</b>      | Profesor Titular de Universidad                      |
| <b>Office hours:</b>  | (Pendiente)  |
| <b>Office No.:</b>    | 3-3-16   |
| <b>E-mail:</b>        | dromtor@upo.es                                       |
| <b>Tel.:</b>          | 954348381  |

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### 3. ACADEMIC CONTEXT

#### 3.1. Course Description and Objectives

Economics is a social science that, in addition to exposing students to a great deal of theoretical-conceptual content, affords a wealth of opportunities for practical hands-on learning. This is due to the fact that economic theory can be used to analyze the majority of our day-to-day problems. This course covers the following important economic questions: growth, unemployment, national debt, international trade relations, competition, etc. Within the framework of the economic environment that surrounds us, students will become familiar with the basic analytical tools used in macroeconomics. Furthermore, they will gain a better understanding of the economic problems that gave rise to—and continue to stimulate—the development of such instruments.

The essential aim of this course then is to delve deeper into key concepts introduced in the first-year course Introduction to Economics. As the course progresses, students should learn to think like economists; in other words: to use analytical and graphical tools to explain macroeconomic realities. On successful completion of the course, students should have acquired an understanding of macroeconomic environments, allowing them to carry out informed analyses of current economic news.

As outlined in the specific objectives found in the National Agency for Quality Assessment and Accreditation (ANECA) guidelines (Libro Blanco) for the Degree in Business Administration, this course provides students with the opportunity to advance in the analysis of:

- Revenue calculation models in an open economy; money, inflation, unemployment, growth and economic policy;
- Theoretical bases of decision making;
- National and international economic realities: production, public sector, financial institutions and their evolution.

Students in this course should acquire a basic theoretical understanding of how the economy functions and develop a series of intellectual and practical skills which will aid them in problem-solving situations. In addition, the aim is to cultivate a set of positive attitudes, values, norms and habits which each student will carry over into his/her professional career.

#### 3.2. Contribution to the Training Plan

Macroeconomics is a fundamental part of an education in Finance and Accounting, as students acquire the ability to analyze company behavior and the environment in which firms operate—information which is essential to professional decision-making. This



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course covers the following important economic questions: growth, unemployment, national debt, international trade relations, competition, etc. Students will become familiar with the basic analytical tools used in macroeconomics, as well as gain a better understanding of the economic problems that gave rise to—and continue to stimulate—the development of such instruments.

The general aim of this course is to provide students with solid practical training which will prove to be a powerful, versatile tool in their professional future. More specifically, successful completion of Macroeconomics should capacitate students to better understand information found in the financial section of daily newspapers and how it affects both the economy as a whole and the professional business sector. This knowledge is applicable to all Finance and Accounting students, regardless of their area of specialization, and clearly essential for those students planning to build a career in Consulting or Finance (commercial or investment banking, corporate finance, investment management, risk control, etc.).

### **3.3. Recommendations or Prerequisites**

Successful completion of an introductory-level Economics course familiarizing students with most concepts which are covered more in-depth in this course. In addition, basic math skills are required as the progression of the course will largely hinge on the analytical/graphical development of macroeconomic models.

Macroeconomics is built upon rigorous logic, and clearly mathematics contributes to the rigor of the analysis. Hence, as mentioned above, the emphasis on sufficient mastery of mathematical concepts taught in the first year of the Degree. Students should be particularly familiar with functions and graphical analysis. In addition, it is recommended that students become familiar with the economic concepts they will study in the course. To this end, students are strongly encouraged to regularly read the financial section of daily newspapers. Likewise—as the course will be taught in English—a practical user's level (for both oral comprehension and expression) is required, allowing the student to follow along and keep up with the pace of the course. The ability to write well in English is less relevant, though a minimum level of competence is needed as the exam must be taken in English.

It is important to stress here that—although inevitably students will be expected to study macroeconomic theory—satisfactory completion of the course hinges on a thorough understanding of theoretical concepts, and of how they interrelate with each other and with what we can observe about the real world. The mere memorization of theory is not only unadvisable from a pedagogical perspective but clearly insufficient in terms of fulfilling the course requirements. The goal then, is for students to feel comfortable using basic theoretical concepts and be able to confidently apply them to problem-solving situations involving everyday economic realities.

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### 4. SKILLS

#### 4.1 Degree Skills Developed during this Course

##### GENERAL:

- Students should acquire the capacity to apply their knowledge to their profession in a professional manner. Likewise, they should be able to have the capabilities to show their ability to defend their arguments and solve problems within their area of study.
- Students should be able to interpret relevant data (normally within their area of study) to issue judgements about relevant issues of social, scientific or ethical character.
- Students should be able to transmit information, ideas, problems and solutions to the specialized and non-specialized public.
- Que los estudiantes puedan transmitir información, ideas, problemas y soluciones a un público tanto especializado como no especializado.
- Que los estudiantes hayan desarrollado aquellas habilidades de aprendizaje necesarias para emprender estudios posteriores con un alto grado de autonomía.

##### GENERAL/INSTRUMENTAL:

- Capacity of analysis and synthesis
- Capacity of organizing and planning
- Verbal and written communication in English.
- Ability to analyze and search for information stemming from various sources.
- Capacity to solve problems.
- Capacity to make decisions.

##### GENERAL/PERSONAL:

- Capacity of team-working.
- Ability for the personal relationships.
- Capacity of criticism and self-criticism.
- Ethical commitment in the job place.
- Capacity to work under pressure.

##### GENERAL/SYSTEMIC:

- Capacity of autonomous learning.
- Capacity of adapting to new situations.
- Creativity.
- Leadership.
- Entrepreneurship.
- Motivation towards quality.

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- Sensitiveness towards environmental and social issues.
- Acting according to a criterion of social responsibility, principle of equality of opportunities between men and women, principle of equality of opportunities for people with disability, and the cultural values of peace and democracy.

### **SPECIFIC**

- Acquire an understanding of financial institutions through the application of formal theoretical market models.
- Become familiar with the main macroeconomic aggregates and their utility.
- Grasp the general way the economy works: short term, mid term and long term.
- Understand the function, utility and limitations of macroeconomic policies.
- Understand how economic models are used to make predictions about the real world.
- Encourage scientific spirit and research by developing an ability to analyse new problems with acquired tools; develop the ability to reason rigorously and systematically.
- Know the basic mathematical and statistical tools applied to economics, and analyze quantitatively the economic reality. Link to that, interlink the knowledge acquired in economic theory, mathematics and statistics.
- Know the historical perspective, genesis and evolution of the great economic issues and subjects nowadays.

### **4.2. Module Skills Developed during this Course**

#### **SPECIFIC:**

- Knowing and applying the basic concepts of Macroeconomics.

#### **GENERAL/INSTRUMENTAL:**

- Capacity of analysis and synthesis
- Capacity of organizing and planning
- Verbal and written communication in English.
- Ability to analyze and search for information stemming from various sources.
- Capacity to solve problems.
- Capacity to make decisions.

#### **GENERAL/PERSONAL:**

- Capacity of team-working.
- Ability for the personal relationships.
- Capacity of criticism and self-criticism.
- Ethical commitment in the job place.
- Capacity to work under pressure.

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### GENERAL/SISTEMIC:

- Acting according to a criterion of social responsibility, principle of equality of opportunities between men and women, principle of equality of opportunities for people with disability, and the cultural values of peace and democracy.
- Sensitiveness towards environmental and social issues.
- Capacity of autonomous learning.
- Capacity of adapting to new situations.
- Creativity.
- Leadership.
- Entrepreneurship.
- Motivation towards quality.

### 4.3. Course-specific Skills

#### GENERAL SKILLS:

- Develop technical and analytical skills needed for financial decision-making.
- Learn to reason within the framework of different models with special emphasis on the crucial role of economic assumptions / hypotheses.
- Learn to analyze reality from a multidisciplinary perspective.
- Develop the ability to get information from a variety of different sources. Develop critical thinking and synthesis skills.
- Employ acquired skills to resolve analytical problems.
- Develop the ability to put theory into practice.
- Learn and use the scientific method.

#### SPECIFIC SKILLS:

##### Cognitive (Know...):

- Acquire an understanding of economic and financial institutions through the application of formal theoretical market models.
- Become familiar with the main macroeconomic aggregates and their utility.
- Grasp the general way the economy works: short term, mid term and long term.
- Understand the function, utility and limitations of macroeconomic policies.
- Understand how economic models are used to make predictions about the real world.
- Encourage scientific spirit and research by developing an ability to analyse new problems with acquired tools; develop the ability to reason rigorously and systematically.

##### Procedural/Instrumental (Know how to...):

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- Use available information to assess the current situation and forecast the evolution of companies and markets.
- Identify the sources of relevant economic information and understand its content.
- Derive relevant information from data which can only be interpreted by experts.
- Apply professional criteria based on the use of technical instruments to problem analysis.
- Express oneself coherently and legibly both in writing (papers, studies, reports) and orally (presentation of specific research results).

- Attitudinal (Be...):

- Foster teamwork through collaboration, consensus, negotiation, conflict resolution and respect for the opinions of fellow team members.
- Cultivate critical thinking.
- Develop responsible practices and the ability to confront problems rigorously and systematically.
- Assume a proactive, positive attitude when facing new problems; adopt a can-do spirit rather than accepting defeat.
- Develop attitudes and values that will lead to ethical behavior in the building of individual professional careers.



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### **5. COURSE CONTENT (COURSE TOPICS)**

Given the introductory nature of this course a grasp of broad, general, concepts—and the acquisition of the corresponding all-purpose aptitudes—is sought. This broad-spectrum approach to the subject is achieved through exposure to a series of wide-ranging modules broken down into more specific topics and subtopics. The list of units, topics, subtopics and corresponding target aptitudes for this course is as follows:

#### **MODULE 1: SHORT-TERM ECONOMY**

Unit 1: Combined goods and financial markets: the IS/LM (or Hicks-Hansen) model

- 1.1 Goods markets and IS
- 1.2 Financial markets and LM
- 1.3 The IS/LM model
- 1.4 Combining economic policies

#### **MODULE 2: MEDIUM-TERM ECONOMY**

Unit 2: The labor market

- 2.1 Introduction to the study of labor markets
- 2.2 Determining salaries
- 2.3 Determining prices
- 2.4 The natural rate of unemployment

Unit 3: Aggregate supply and demand model: the OA-DA model

- 3.1 Aggregate supply
- 3.2 Aggregate demand
- 3.3 Equilibrium production: short-term and mid-term
- 3.4 The effects of monetary expansion
- 3.5 Reducing national debt
- 3.6 Fluctuations in the price of oil

#### **MODULE 3: OPEN ECONOMIES**

Unit 4: Opening up goods and financial markets

- 4.1 Opening up goods markets
- 4.2 Opening up financial markets



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Unit 5: Goods markets in open economies

- 6.1 The IS relation in an open economy
- 6.2 The production equilibrium level and trade balance
- 6.3 Increase in national/international demand
- 6.4 Depreciation, trade balance and production
- 6.5 Saving, investment and trade balance

Unit 6: Production, interest and exchange rates

- 6.1 Goods market equilibrium
- 6.2 Financial market equilibrium
- 6.3 Combined analysis of goods and financial markets
- 6.4 The impact of monetary and fiscal policies under flexible exchange rates
- 6.5 The impact of monetary and fiscal policies under fixed exchange rates

Unit 7: Exchange rate systems

- 7.1 The mid-term
- 7.2 Foreign exchange (or currency) crises in fixed exchange rate systems
- 7.3 Exchange rate fluctuations in flexible exchange rate systems
- 7.4 Choosing an exchange rate system

Unit 8: Review of macroeconomic policy

- 8.1 Monetary policy
- 8.2 Fiscal policy

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### **6. METHODOLOGY AND RESOURCES**

In order to reach the objectives proposed for the subject, the course will be organized according to the following scheme: general intro/background (70%) and practical/developmental learning (30%).

#### General Theory / Background

This is aimed at orienting the student in the process of learning and acquisition of the course-specific skills and the instrumental competencies. A series of basic activities will be carried out as a large group in 21 sessions of 1.5-hour duration with the professor. The content of the sessions will vary according to when they occur throughout the course. In these sessions the professor will provide a basic theoretical framework for the course. In addition, in some occasions there will be also theory and practice oriented questions in addition to up-to-date economic news with the aim of applying the economic theories learnt throughout the course. As it may not always be possible to cover every topic in depth, students are encouraged to make good use of the course textbook and other relevant bibliography.

#### Theory-into-Practice & Knowledge-Building

Through this theory-into-practice developmental building, there will be a strengthening of specific competencies and instrumental competencies, through the application of the knowledge and techniques acquired to problems, situations and case studies.

Nine sessions of 1.5 hours in which a series of learning activities will be carried out in small groups under the guidance of a professor

Theoretical and practical questions will be covered, along with current financial news, with an aim of applying concepts learned in theory sessions. Special emphasis will be placed on learning involving real-life data. Thus, students are expected to become accustomed to finding and presenting economic data which they will use spreadsheets to analyze. Praxis sessions are designed around three main goals: to consolidate theoretical knowledge acquired through reading the required textbook and attending class; to learn to apply theoretical models to specific real-world problems; to build reasoning and critical thinking skills. Students will be expected to complete several activity packs aimed at making them more aware of their progress as well as of their weaknesses with regard to the comprehension and assimilation of course material. The professor will pay special attention to points students find difficult and focus on key concepts / skills.



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In addition to basic theory, theory-into-practice and guided academic activities, students will have the opportunity to attend personalized tutorials. In these optional sessions, the professor will be available to offer personalized advice regarding study habits and to answer specific questions about the topics being studied. Office hours and tutorials will be announced at the beginning of the course.

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### **7. ASSESSMENT**

The assessment of the student will be conducted in a weighted manner, taking into account both the grades obtained from the general/background part and on the theory-into-practice.

1. General/background contents and specific and instrumental skills assimilated through them, will be assessed through an exam that will be worth 70% of the overall mark.
2. The theory-into-practice part will be assessed through continuous evaluation that will include both exams and several activities (multiple-choice questions exams, exercises, active participation), both at the group-level or individually. In this way, we will be able to assess whether the student has acquired the sufficient skills (specific and instrumental competencies) in the application of their knowledge and techniques. This part will be worth 30% of the overall mark.

Finally, the grade corresponding to the activities developed during the course (30%) will be preserved for the resit exam (July). The remaining (70%) will be evaluated in the final exam.

Those UPO students who are not able to attend seminars due to being abroad under official mobility programs (Socrates-Erasmus, Séneca, Atlanticus...) will have an additional exam, or work that will be clearly defined, in order to obtain the 50% of the grade corresponding to the continuous evaluation. Students in this situation must inform the responsible lecturers before the 30<sup>th</sup> of November. The break of this deadline must be justified and supported by the Academic Coordinator of their mobility contract.



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### **8. BIBLIOGRAPHY**

#### GENERAL READING:

Blanchard, O. (2006): Macroeconomics (4th edition), Prentice Hall, Madrid.

Blanchard, Amighini y Giavazzi (2010) Macroeconomics a European Perspective

#### SPECIFIC READING:

Burda, M. and C. Wyplosz (2001), Macroeconomics, A European Text, 3rd Edition, Oxford University Press.

Mankiw N. G (2006), Macroeconomics 6th Edition

Miles D and A. Scott (2006), Macroeconomics. 2nd Edition, Willey

Romer P (2001). Advanced Macroeconomics, 2nd Edition, McGraw-Hill