



Universidad  
de Alcalá

# COURSE GUIDE

## MACROECONOMICS II

**Degree in International Business and  
Economics**

**University of Alcalá**

**Academic Year 2024/2025**

**Second year – Second semester**

## COURSE GUIDE

Course Name:	Macroeconomics II
Code:	360015
Degree Course:	Degree in Economics and International Business (ENI)
Subject Area:	Department: Economics Area: Foundations of Economic Analysis
Type:	<b>Compulsory</b>
ECTS Credits:	<b>6 ECTS</b>
Year and Term:	<b>2nd Year, 2nd Semester</b>
Instructors:	Olga Cantó Sánchez (Coordinator) ( <a href="mailto:olga.canto@uah.es">olga.canto@uah.es</a> )
Tutorial hours:	Students may meet instructors by appointment ( <a href="mailto:olga.canto@uah.es">olga.canto@uah.es</a> ) during office hours
Language of Instruction:	Spanish and English

### 1. INTRODUCTION

The content of the course 'Macroeconomics II' complements the panoramic view of modern macroeconomic theory offered in the course 'Macroeconomics I'. The main aim of the course is to familiarize the student with the microeconomic fundamentals of macroeconomics, expanding the short and medium-term analysis addressed in that subject, as well as to examine the role of macroeconomic policies and analyze various pathologies (high unemployment, hyperinflation) and the determinants of long run growth. The syllabus section of this guide includes a detailed description of each of the topics covered in the course.

### 2. Learning outcomes

Basic and general competences:

CB1. Students should have demonstrated and understand knowledge in an area of study that starts from the basis of general secondary education and is usually found at a level that also includes some aspects that involve knowledge from the forefront of their field of study.

CB2. Students should know how to apply their knowledge to their work or vocation in a professional way and possess the skills that are usually demonstrated through the

elaboration and defense of arguments and the resolution of problems within their area of study.

CB3. Students should have the ability to gather and interpret relevant data (usually within their area of study) to make judgments that include reflection on relevant social, scientific, or ethical issues.

CB4. Students should be able to transmit information, ideas, problems, and solutions to both specialized and non-specialized audience.

CB5. Students must have developed those learning skills necessary to undertake further studies with a high degree of autonomy.

CG1. Acquire capacity in the negotiation techniques used by international institutions and companies.

CG2. Ability to analyze data and reports specifically from international sources (companies, international institutions such as the IMF, the WTO or the Bank for International Settlements).

CG3. Interest in updating the permanent requirements of techniques of organization and planning of international business and public activities.

CG4. Ability to assess the multiplicity of social, political, technical, and other factors that converge in international business and institutional decisions.

CG5. Acquire the current ethical criteria that can be permanently updated manifested in the different countries through the anti-corruption codes, international economic rights charters, etc.

CG6. Ability to integrate into interdisciplinary teams that includes people from very different countries and training.

CG7. Scientific and professional curiosity for the permanent use of analytical and conceptual instruments typical of international economic relations.

CG8. Motivation for the search for quality in the professional practice and in its development.

CG9. Curiosity about learning the new techniques and instruments that are continuously used in international interactions.

CG10. Written and oral expression capabilities to be used in different environments.

CG11. Ability to use the English language for the search for information and use of resources in that language, and in the development and presentation of academic activities.

#### Transversal competences:

CT1. Acquire techniques and skills related to professional practice, including the application of the appropriate deontological regulations.

CT2. Know the resources available for access to information and use them effectively.

CT3. Acquire oral and written communication skills in modern languages, both in professional and other settings of contexts.

CT4. Understand the ideas and arguments that are expressed in a foreign language, in writing and orally, both in everyday situations and in professional and specialized contexts.

CT5. Handle in an advanced way the office tools most frequently used in a professional environment (word processor, databases, and spreadsheets) and advanced use of electronic communication programs, browsing, and searching for data (e-mail and internet).

CT6. Design presentations using software and the ability to structure information appropriately and transmit it clearly and effectively, with a basic knowledge of the functioning of data transmission networks.

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CT7. Know the main techniques of management, conflict resolution, job selection and motivation of human teams in a work environment with a use of effective strategies in time management.

CT8. Plan and develop research in each field of study, according to the academic and scientific requirements that are its own.

CT9. To know the history of the University of Alcalá, the functioning of the European institutions and the historical, social, economic, and cultural reality of the European and Ibero-American countries.

### **Specific competences:**

CE2. Acquire analytical skills and master the handling of the usual concepts and techniques of modern intermediate microeconomic and macroeconomic theory.

CE9. Strengthen and/or acquire mathematical analysis skills for economics.

CE15. Acquire the ability to analyze, synthesize and critically summarize economic-business information using quantitative tools in the different economic-business areas.

### **Specific Skills:**

CE2. Proficiency in the use of the common concepts of modern macroeconomic analysis. Ability to understand the relationships between the most relevant macroeconomic variables and the theoretical models used by economists.

CE3. Capacity to understand the most important real-world macroeconomic problems and to apply the basic macroeconomic models and techniques to real-world problems and situations.

CE4. Ability develop and deploy basic analytical and mathematical models, both individually and as part of a team.

CE17. Ability to analyze and synthesize critically the economic information using adequate quantitative tools.

### **Learning outcomes of the subject**

The main objectives of the subject are to familiarize the student with the main concepts and theoretical models and to understand the functioning of the economy in the short, medium, and long term. The subject also proposes to develop the necessary skills to apply such concepts and theories for a better understanding of the problems always raised in the economy, such as economic recession, unemployment, inflation, growth, development, and so on.

The subject also aims to help the student understand the role of expectations and macroeconomic policy options, such as fiscal and monetary policies and supply policies, evaluating their effectiveness and relevance depending on the economic situation and analysing the determinants of economic development in the long term.

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### 3. COURSE CONTENT

Module Contents	Total classes, credits or hours
<p><b>Topic 1. Introduction to macroeconomic dynamics</b> Current Macroeconomic situation. The role of microeconomics in macroeconomics. The distinction between short, medium and long run. Economic fluctuations and growth. Macroeconomic dynamics: the economic cycle.</p>	<p>2 sessions</p> <ul style="list-style-type: none"> <li>• 1 topic</li> <li>• 1 theoretical lecture</li> <li>• 1 practical session</li> </ul>
<p><b><u>PART I: MICROECONOMIC FOUNDATIONS OF MACROECONOMICS</u></b></p> <p><b>Topic 2. The demand side: some adjustments</b> Review of the IS-LM-PC model. Real and nominal interest. Some basic tools to consider time: discounted present value and expectations.</p> <p><b>Topic 3. Bonds and the financial system. The IS-LM with expectations</b> The price of bonds and their yield. Yield curves. The stock market variations. Financial markets and expectations. Monetary policy, expectations and yields. The IS-LM model with expectations.</p> <p><b>Topic 4. Microeconomic foundations of consumption and investment</b> The determinants of Consumption. The determinants of investment. Consumer theory based on the life cycle and permanent income. Investment and expectations; current and projected profits. Consumer and investment volatility. Tobin's Q.</p>	<p>17 sessions</p> <ul style="list-style-type: none"> <li>• 4 topics</li> <li>• 8 theoretical lectures</li> <li>• 8 practical sessions</li> <li>• 1 evaluation session</li> </ul>

## PART II: MACROECONOMIC POLICY AND PATHOLOGIES

### **Topic 5. Public debt and fiscal policy**

Public sector budgetary constraints. The deficit and public debt. Current and future taxes. Ricardian equivalence. Cyclically adjusted deficit. Consequences of high public debt.

### **Topic 6. Inflation and monetary policy**

The optimal inflation rate. Central Banks and monetary policy: aims of monetary growth and inflation. Budget deficit and the creation of money. Inflation and real monetary balance. Deficits, seigniorage and inflation. Cases of hyperinflation. Major depressions and economic crises.

### **Topic 7. Macroeconomics with Inequality**

Heterogeneous agent macroeconomics. The real business cycle model. The New Keynesian model. An active research agenda.

## PART III: THE LONG RUN: GROWTH

### **Topic 8. The long run: Growth**

The facts of growth. The Solow model of growth. Savings, capital accumulation and production. Technological progress and growth.

13 sessions

- 4 topics
- 6 theoretical lectures
- 6 practical sessions
- 1 evaluation session

## **4. LEARNING-TEACHING METHODOLOGIES: EDUCATIONAL ACTIVITIES**

### **4.1. Distribution of credits (in hours)**

Number of class hours: 48	<ul style="list-style-type: none"> <li>• Number of class hours: 48</li> <li>- Attendance at large group classes (theory): 22.5</li> <li>- Attendance at small group classes (practical): 22.5               <ul style="list-style-type: none"> <li>○ Exercises: 21</li> <li>○ Workshops: 1.5</li> </ul> </li> <li>Examination: 3</li> </ul>
Number of independent study hours: 102	<ul style="list-style-type: none"> <li>• Number of hours of independent study: 102               <ul style="list-style-type: none"> <li>○ Theory preparation: 50</li> <li>○ Practical preparation: 30</li> </ul> </li> <li>Exam preparation: 22</li> </ul>

Total hours: 150

## 4.2. Methodological strategies, teaching materials and resources

<p><b>Classroom sessions:</b> these will be dedicated to theory classes, exercises and critical analysis and discussion of theoretical and practical examples. The student will acquire a basic knowledge of the course. These classes will develop analytical abilities, interpretation skills and ability to complete exercises and solve problems.</p>	<ul style="list-style-type: none"> <li>• <b>Theoretical sessions</b></li> </ul> <p>In these classes the tutor will develop the basic concepts of each topic in the programme. These lectures will guide students through the work they need to complete.</p> <ul style="list-style-type: none"> <li>• <b>Practical sessions</b></li> </ul> <p>In which the professor will develop practical examples of the issues and key concepts studied in theoretical lectures. The main aim of these sessions is to complete case studies regarding the application of topics discussed in the theoretical sessions. Whenever possible, these practical classes will take place in the computing classroom in order to have access to the data and information online.</p> <p>The instructor will prepare specific material for the students: collections of exercises, research and economic policy papers and Internet resources. The students will develop part of their work within the virtual platform: Blackboard, which will improve the access to new content, homework activities and evaluations and will facilitate communication between the instructor and students.</p>
<p><b>Independent study:</b> these hours will be dedicated to the students' individual study and will strengthen the knowledge of the theoretical topics, completing of exercises and solving cases as well as reading articles of interest. This aims to develop transferable skills such as information gathering, interpretation of texts and problem solving.</p>	<p>Students must read and understand the recommended reading material and any other material shown to be important during the course. They also have to solve practical activities and exercises set in class, etc.</p>
<p><b>Individual tutorials</b></p>	<p>Tutorials are optional for students and they can be carried out individually or in groups. Consultation hours will be communicated to the students at the beginning of the course.</p>

## 5. ASSESSMENT: Procedures, assessment and grading criteria

### Assessment criteria

The assessment criteria for this subject are designed to evaluate the acquisition of general and specific skills and will include theoretical and practical content covered in class and during the students' personal study.

Assessment may follow two possible routes:

1. Continuous assessment throughout the course.
2. A final assessment by a single exam (January) and an examination during the re-sit examination period (July).

These alternatives are explained below:

#### 1. Continuous assessment

This assessment requires students to complete ALL following items:

- A. Assignments on a weekly basis (exercises in class, wooclap activities, etc.) that are designed as practical learning tools during the course. Students will be evaluated placing emphasis on student's effort, rather than academic performance. Students will be provided with self-assessment tools for each topic. Students will undertake two virtual assessment tests through the virtual class environment (10% of the final grade).
- B. Empirical exercises with data (10% of the final grade).
- C. Presentation of a paper in class (in groups of 4-6 students) (10% of the final grade).
- D. One mid-term exam (30% of the final grade) that will cover the topics in section I. One Final exam (40% of the final grade) that will cover all topics of the subject. These two assessments will evaluate students' key knowledge of the main topics in the course.

Requirements to pass the course through continuous assessment: Students who reach at least 5 points in the continuous assessment will pass the course and be awarded a grade ranging from Pass to Starred Distinction.

### Grading System

Grading scale with numerical and qualitative ratings:

0.0-4.9	Fail (Suspendo)
5.0-6.9	Pass (Aprobado)
7.0-8.9	Merit (Notable)
9.0-10	Distinction (Sobresaliente)
9.5-10	Starred Distinction (Matrícula de Honor) (limited to 5% of students in the standard examination session)

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## 2. Final Assessment

Students who choose the final assessment option for this course must take a final exam in June according to the schedule previously established by the Faculty. This exam will contain theoretical and practical questions. To pass students must obtain a minimum of 5 points.

### Clarifications

For any circumstances not referred to in this course description, the regulations governing learning assessment procedures, which were approved by the Governing Council on March 24 2011, will be followed. Students must attend all exams bringing their I.D. and the University's Intelligent Electronic Student Card.

During the development of the evaluation tests, the guidelines set forth in the Regulation establishing the Rules of Coexistence of the University of Alcalá must be followed, as well as the possible implications of irregularities committed during such tests, including the consequences for committing academic fraud according to the Disciplinary Regulations of the Student Body of the University of Alcalá.

## 6. READING LIST

### Core Reading

With an aim to facilitate the study of the concepts and models that students must handle the subject program has been structured to closely follow the following texts:

BLANCHARD, O., AMIGHINI, A. and, GIAVAZZI, F.: Macroeconomics: A European Perspective. 3rd edition, Pearson Education, New York, 2017.

CARLIN, W. and SOSKICE, D. Macroeconomics, Institutions, Instability and Inequality, OUP, 2024.

MANKIW, G.: Macroeconomics, 10th ed., McMillan, 2019.

Earlier editions of the same textbooks may also be used.

### Further reading:

Dornbusch, R., Fischer, S. and Startz, R.: Macroeconomics, McGraw Hill, 13th edition 2018.

Exercises:

(In English) BLANCHARD, O., AMIGHINI, A. and, GIAVAZZI, F.: Macroeconomics: A European Perspective. 2nd edition, Pearson Education, New York, 2013.

(In English) MANKIW, G.: Macroeconomics, 10th ed., McMillan, 2019

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(in Spanish) Padilla, R., Cabrerizo, J., Belzunegui, B. and Valero, I: Macroeconomía: problemas y ejercicios resueltos, 3ª edición, Prentice Hall, 2013

The recommended textbooks cover the key subject material that will give students the necessary tools for the study of the theoretical models, analysis of exercises and problems, and the critical discussion of practical cases. Materials prepared by the tutor, including worksheets, readings and articles will also be available to students. New communication technologies will be used to develop a 'virtual classroom' that will serve as additional support, particularly for the practical classes and directed tutorials.

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