MACROECONOMICS

BACHELOR IN POLITICS, LAW AND ECONOMICS

Professor: **JUAN RAMON RALLO JULIAN**

E-mail: jrallo@faculty.ie.edu

- Academic year: 18-19
- Degree course: SECOND
  - Semester: 1º
- Category: BASIC
- Number of credits: 6.0
- Language: English

**PREREQUISITES**

**SUBJECT DESCRIPTION**

Macroeconomics is the branch of economics that studies the behaviour of the economy as a whole, as a single aggregate. It is the science that seeks to identify what makes a country’s economy dynamic and healthy and what can explain the troubles and instability sometimes experienced by others. We can consider as a healthy economy the one that experiences steady growth, full employment, low inflation, sound public finances and a balanced external sector. Therefore, the field of Macroeconomics is the one that helps understand, prevent, and eventually counteract, the reasons for low growth, high unemployment and sharp cyclical swings.

Prevailing and prospective aggregate economic conditions should always be a key consideration when making all kinds of business decisions. The right business environment is a prerequisite for the success of any entrepreneurial projects, as well as for getting reasonable returns on any financial investment. This course is designed to provide students with the basic tools to understand real world economic developments and their consequences for business activity, and to help them make their own critical assessment regarding economic conditions and economic policies.

**OBJECTIVES AND SKILLS**

After completing this course, students should be capable of analyzing and understanding current economic events, of appraising the overall state of any economy, of identifying the reasons for its healthy or unhealthy state, and of making their own critical assessment regarding macroeconomic policies in place (often the subject of heated economic debates). For this, the course will develop the theoretical background that helps explain the links between the main macroeconomic aggregates, and it will do so with a strong focus placed on the practical implications of the underlying theory. Analytical treatment of the core theory will be kept as simple as possible, mainly supported by graphical analysis. Within the economics science, Macroeconomics is the discipline that remains more controversial when it comes to choose a single theoretical model that explains real life events. Students will be introduced to the main existing schools of thought and will be invited to assess for themselves the practical usefulness of the different theoretical approaches.
METHODOLOGY
All sessions will combine theoretical lectures, discussions of real life economic events and the resolution of problems related to the theoretical content. Theoretical explanations and practical debates will take similar shares of time, therefore students should be ready to work on their own and study the theoretical concepts outside of the class with the help of the textbook and the recommended material. They should bring their doubts and questions to the class for clarification or ask for office hours for further support. Students are expected to participate actively in all aspects of the class content.

<table>
<thead>
<tr>
<th>Teaching methodology</th>
<th>Weighting</th>
<th>Estimated time a student should dedicate to prepare for and participate in</th>
</tr>
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<tbody>
<tr>
<td>Lectures</td>
<td>20.0 %</td>
<td>30 hours</td>
</tr>
<tr>
<td>Discussions</td>
<td>13.33 %</td>
<td>20 hours</td>
</tr>
<tr>
<td>Exercises</td>
<td>6.67 %</td>
<td>10 hours</td>
</tr>
<tr>
<td>Group work</td>
<td>20.0 %</td>
<td>30 hours</td>
</tr>
<tr>
<td>Other individual studying</td>
<td>40.0 %</td>
<td>60 hours</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0 %</td>
<td>150 hours</td>
</tr>
</tbody>
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PROGRAM

SESSION 1
A tour to the course.

SESSIONS 2 - 3
The wealth of nations: defining and measuring macroeconomic aggregates
B.C.: Macroeconomics, chapters 5 and 9 (2016)

SESSIONS 4 - 5
Economic growth
B.C.: Macroeconomics, chapter 7 (2016)

SESSIONS 6 - 7
The rise and fall of global inequality
B.C.: Macroeconomics, chapter 6, 7 and 8 (2016)

SESSIONS 8 - 11
The monetary system
B.C.: Macroeconomics, chapter 11 (2016)

SESSIONS 12 - 16
The financial system.
B.C.: Macroeconomics, chapter 10 (2016)

SESSION 17
Mid-term exam

SESSIONS 18 - 21
Asset prices and interest rates

SESSIONS 22 - 24
Short-run economic fluctuations
B.C.: Macroeconomics, chapter 12 (2016)
SESSIONS 25 - 27
Countercyclical macroeconomic policy
B.C.: Macroeconomics, chapter 13 (2016)

SESSIONS 28 - 29
Group expositions

SESSION 30
Final exam
BIBLIOGRAPHY

Compulsory textbook:
Title: Macroeconomics
Author: Daron Acemoglu, David Laibson and John A. List.
Publisher / Year: Pearson, 2016

Recommended textbooks:
Title: Macroeconomics and the Financial System
Author: Gregory Mankiw and Laurance Ball.
Publisher / Year: Worth Publishers, 2011

Title: Modern Macroeconomics: Its Origins, Development and Current State
Author: Brian Snowdon and Howard Vane.
Publisher / Year: Edward Elgar Publishing, 2005

Other recommended readings:

a) Magazines
The Economist (www.economist.com)

b) Newspapers
Financial times (www.ft.com)
Wall Street Journal (www.europe.wsj.com)

c) Blogs and Columns
Marginal Revolution (www.marginalrevolution.com)
EconLog (econlog.econlib.org/)
FT Martin Wolf Column (https://www.ft.com/comment/columnists/martin-wolf)
EconoMonitor (http://www.economonitor.com)
Greg Mankiw’s Blog (http://gregmankiw.blogspot.com.es)
VOX CEPR’s Policy Portal (http://voxeu.org/)

EVALUATION CRITERIA

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Percentage</th>
<th>Comments</th>
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</thead>
<tbody>
<tr>
<td>Class Participation</td>
<td>10 %</td>
<td></td>
</tr>
<tr>
<td>Workgroups</td>
<td>20 %</td>
<td></td>
</tr>
<tr>
<td>Mid-term exam</td>
<td>30 %</td>
<td></td>
</tr>
<tr>
<td>Final Exam</td>
<td>40 %</td>
<td></td>
</tr>
</tbody>
</table>

Up to ten extra points can be awarded (bonus) or extracted (malus) for extraordinary contributions (+) or penalties for class missbehavior (-).

Requirement for passing the Macroeconomics course: a minimum of 4 over 10 (simple) average between the mid-term and the final exam.

RETAKE POLICY
- Each student has 4 chances to pass any given course distributed over two consecutive academic years: ordinary call exams and extraordinary call exams (re-sits) in June/July.
- Students who do not comply with the 70% attendance rule during the semester will fail both calls for this Academic Year (ordinary and extraordinary) and have to re-take the course (i.e., re-enroll) in the next Academic Year.
- Evaluation criteria will be subject to the following rules:
  - Students failing the course in the ordinary call (during the semester) will have to re-sit the exam in June / July (except those not complying with the attendance rule, who will not have that opportunity and must directly re-enroll in the course on the next Academic Year).
  - The extraordinary call exams in June / July (re-sits) require your physical presence at the campus you are enrolled in (Segovia or Madrid). There is no possibility to change the date, location or format of any exam, under any circumstances. Dates and location of the June / July re-sit exams will be posted in advance. Please take this into consideration when planning your summer.
  - The June / July re-sit exam will consist of a comprehensive exam. Your final grade for the course will depend on the performance in this exam only; continuous evaluation over the semester will not be taken into consideration. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the in the re-sit exam.
  - Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in the course will be given the choice to take both the midterm and final exam with the rest of the class or to go directly to the final exam. If two exams are taken, the midterm will be given a 40% weight and the final grade a 60%. The maximum grade that may be obtained in the retake exam (3rd call) is 10.0 (out of 10.0). An announcement will be posted at the beginning of the course with precise instructions for retakers.

After ordinary and extraordinary call exams are graded, you will have a possibility to attend a review session for that exam and course grade. Please be available to attend the session in order to clarify any concerns you might have regarding your exam. The time and place of that review session will be announced in Campus Online.

- Students failing more than 18 ECTS credits after the June-July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam during the June / July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker and pay the corresponding extra cost. As you know, students have a total of 4 allowed calls to pass a given subject or course, in order to remain in the program.
PROFESSOR BIO

Professor: JUAN RAMON RALLO JULIAN
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Academic degrees:
Since 2011 Ph.D. in Economics, Universidad Rey Juan Carlos de Madrid.
2009 Degree in Law, Universidad de Valencia
2008 Master in Economics of Austrian School, Universidad Rey Juan Carlos de Madrid.
2007 Degree in Economics, Universidad de Valencia.

Puestos académicos:
Since 2014 Director of the Master in Economics at Centro de Estudios Superiores Online de Madrid Manuel Ayau (OMMA)
Since 2010 Professor of Economics and Finance at Isead Busines School
2009-2012 Associate Professor of Economics at Rey Juan Carlos University

Other data of interest
El Confidencial and La Razón
Author of several books about Economics

OTHER INFORMATION

CODE OF CONDUCT IN CLASS

1. Be on time: Students arriving more than 5 minutes late will be marked as “Absent”.

Only students that notify in advance in writing that they will be late for a specific session may be granted an exception (at the discretion of the professor).

2. If applicable, bring your name card and strictly follow the seating chart. It helps faculty members and fellow students learn your names.

3. Do not leave the room during the lecture: Students are not allowed to leave the room during lectures. If a student leaves the room during lectures, he/she will not be allowed to re-enter and, therefore, will be marked as “Absent”.

Only students that notify that they have a special reason to leave the session early will be granted an exception (at the discretion of the professor).

4. Do not engage in side conversation. As a sign of respect toward the person presenting the lecture (the teacher as well as fellow students), side conversations are not allowed. If you have a question, raise your hand and ask it. If you do not want to ask it during the lecture, feel free to approach your teacher after class.

If a student is disrupting the flow of the lecture, he/she will be asked to leave the classroom and, consequently, will be marked as “Absent”.

5. Use your laptop for course-related purposes only. The use of laptops during lectures must be authorized by the professor. The use of Social Media or accessing any type of content not related to the lecture is penalized. The student will be asked to leave the room and, consequently, will be marked as “Absent”.

6. No cellular phones: IE University implements a “Phone-free Classroom” policy and, therefore, the use of phones, tablets, etc. is forbidden inside the classroom. Failing to abide by this rule entails expulsion from the room and will be counted as one absence.

7. Escalation policy: 1/3/5. Items 4, 5, and 6 above entail expulsion from the classroom and the consequent marking of the student as “Absent.” IE University implements an “escalation policy”: The first time a student is asked to leave the room for disciplinary reasons (as per items 4, 5, and 6 above), the student will incur one absence, the second time it will count as three absences, and from the third time onward, any expulsion from the classroom due to disciplinary issues will entail 5 absences.