# Economics - Macroeconomics

## Professor Gianluca Femminis; Professor Gabriele Deana

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The course aims to provide knowledge of the basic models and tools used to analyze the main macroeconomic variables (gross domestic product, consumption, savings, public expenditure, monetary aggregates, import, export, capital flows). Also, the course provides a conceptual framework useful for understanding the main factors influencing the business cycle of a modern economy. Theoretical lessons will be accompanied by the discussion of case studies related to OECD countries. At the end of the course, students should:

1. have acquired the knowledge and understanding of the main macroeconomic models used to analyze the short and medium-run dynamics of an “advanced” economic system;

2. be able to understand the main commercial and financial linkages characterizing an open economy;

3. have acquired the knowledge and understanding of the main monetary and fiscal policy instruments influencing the business cycle;

4. have acquired the capacity to understand the “Economic Outlook” reports circulated by the research institutes working on the subject;

5. have developed a technical language appropriate for the interaction with experts in the field.

6. have developed a useful knowledge in order to carry out independently economic analysis on “advanced” economies.

***COURSE CONTENT***

Module I (Professor Gianluca Femminis)

– Macroeconomic variables and national accounting.

– The role of aggregate demand in a fixed-price economy.

– Consumption, savings and investment in the basic Keynesian model.

– The public sector and the determination of the output level: the impact of taxes, transfers, and public spending.

– Equilibrium on the market for goods: the IS curve.

– Money supply and monetary policy. Equilibrium on the money market and the LM curve.

Module II (Professor Gabriele Deana)

– Imports, exports and their effects on output in an open economy.

– Exchange rates, capital movements and the IS-LM model in an open economy. Monetary and fiscal policies under alternative exchange rate regimes.

– Phillips curve, nominal wage flexibility and expectations.

– Macroeconomic equilibrium with flexible prices; the IS-LM-PC model.

– Inflationary pressures, output level, and the roles of monetary and fiscal policies.

***READING LIST***

O. Blanchard-A. Amighini-F. Giavazzi, *Macroeconomia: una prospettiva europea,* Il Mulino, 2020.

A. Boitani, *Macroeconomia*, Il Mulino, 2014.

Exercise-books:

D. Findlay,L. Dalla Pellegrina *Esercizi di macroeconomia. Guida allo studio del testo di Oliver Blanchard,* Il Mulino, 2021.

Each lecturer will provide detailed indications (in class, during the office hours and on the University website) about the links between the topics covered in class and the textbooks listed above.

***TEACHING METHOD***

Classroom lectures and tutorial classes.

***ASSESSMENT METHOD AND CRITERIA***

Students will be evaluated on the basis on a written exam, which will deal with both theoretical questions and analytical exercises. The overall number of questions is six; students will be required to answer to two questions out of the three pertaining to each of the two modules. The exam will be administered at one time for both modules.

The written exam described above can be substituted by two partial exams, which contribute on equal footing to the final evaluation. The first partial “midterm” exam will take place just after the half of the first semester; the second part of the exam can be taken in any of the exam rounds of the winter session. Participation to the two partial exams is open to all students. Detailed indications concerning the above-mentioned partial exams will be provided during the lectures and made available on *Blackboard.*

The answers to the questions, aimed at testing the understanding of fundamental theoretical issues, will be evaluated by looking at the degree of the candidate’s knowledge, as well as at her/his ability to convey key messages in conceptually consistent ways through a clear and precise exposition. All problems will be designed in a way to effectively test the analytical and problem solving skills of the candidate.

All questions and problems will be analytically evaluated out of thirty points; the student’s final grade will be determined as the average of the marks obtained in each of the questions composing the exam paper.

Further information – possibly related also to the evolution of the pandemic situation –

will be posted on the lecturers' web pages or on *Blackboard*.

***NOTES AND PREREQUISITES***

Students who wish to write their final essays are invited to contact the Lecturers during their office hours*.*

*Initial requirements*: students are expected to have a good understanding of the issues analysed in the first Course of Mathematics.

Should the Covid-19 health emergency not allow teaching in presence, distance classroom will be arranged; in this case students shall be promptly notified.

Further information can be found on the lecturer's webpage or on Blackboard.