# Introductory macroeconomics

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***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 (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 lectures will be complemented by case studies focusing mainly on advanced OECD economies.

Upon completion 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 international 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 acquired the competencies to autonomously investigate and summarize the economic outlook of ‘advanced’ economies.

***COURSE CONTENT***

– Macroeconomic variables and national accounting.

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

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

– The role of the public sector for 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.

– 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.

– The labour market and the macroeconomic equilibrium with flexible prices.

– Phillips curve, nominal wages flexibility, and expectations.

– The IS-LM-PC model: inflationary pressures, output level, and the role of monetary and fiscal policies.

***READING LIST***

O. Blanchard-A. Amighini-F. Giavazzi, *Macroeconomics: A European Perspective,* Pearson, 2021, 4th edition.

Supplementary readings:

G. Mankiw, *Macroeconomics,* Macmillan Education, 2019, 10th edition.

Detailed references about the links between the topics covered in class and the textbooks indicated above will be provided by the lecturer in due time in class, during office hours, and through the course webpage.

The outlines of each lecture will be available on *Blackboard*.

***TEACHING METHOD***

Classroom lectures and tutorial classes.

***ASSESSMENT METHOD AND CRITERIA***

Students will be evaluated based on a written exam, which will deal both with theoretical questions and specific problems. The answers to the questions aimed at testing the understanding of fundamental theoretical issues will be evaluated by looking at the extent of the candidates’ knowledge, as well as at their 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 and a student’s final grade will be determined as the average of the marks obtained in each of the questions composing the exam.

All students are allowed to take a midterm exam that will be offered in the week explicitly indicated in the Academic calendar for this purpose. The midterm exam will deal with the topics covered during the lectures that have taken place up to the exam week. Students taking the midterm exam are required to complete the entire exam by the first exam session following the end of the course. The results of the midterm exam will no longer be held valid after the end of the first exam session following the end of the course. Further information on the midterm exam will be provided in due time in class and through the *Blackboard* page of the course*.*

If needed due to specific circumstances, further information will be provided during lectures and posted on the *Blackboard* page of the course.

***NOTES AND PREREQUISITES***

Further information – taking into account the evolution of the Covid-19 pandemic – will be posted on the lecturers' web pages or on *Blackboard* page of the course.

*Recommended pre-requisites*. Students are expected to be familiar with the material of the first-year Mathematics and Microeconomics courses.