# Economics - 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 (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 lectures will be accompanied by discussion of case studies concerning “advanced” economies, i.e., 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 and evaluate from a personal perspective 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 useful knowledge to carry out independently economic analysis on “advanced” economies.

***COURSE CONTENT***

1. Macroeconomic variables and national accounting.

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

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

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

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

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

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

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

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

10. Phillips curve, nominal wages flexibility and expectations.

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

***READING LIST***

Groups: A-Cl; Co-La; Pr-Z

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

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

Professor D. Delli Gatti (Group Le-Po)

D. Delli Gatti-M. Gallegati-M. Gallegati, *Macroeconomia. Fatti, teorie, politiche,* Giappichelli, Torino, 2020 (5th edition).

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.

Students are invited to consider the teaching material available on *Blackboard*.

Each lecturer will provide detailed references (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 of a written exam, which is structured in two parts. The first one (corresponding to the first six topics in the Programme) will consist in a set of specific questions aimed at assessing the students’ knowledge of the basic notions; an exercise and an open question on a theoretical topic will follow. The Lecturers rserve the right of considering as non-sufficient written exams which do not prove a minimal knowledge of the basic notions.

As for the second part (corresponding to the last five topics in the Programme) will consist in a set of specific questions, followed by an exercise and by two open questions on theoretical topics, which can be chosen by students out of a set of three.

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 during the week of the first semester break; 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 extent 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 evaluatedin an analytical way; the student’s final grade – out of thirty points – will be determined as the weighted average of the marks obtained in each of the questions composing the exam.

Further information – taking into account also 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 can find useful information on the lecturers’ webpages or on *Blackboard.*

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