# Macroeconomics and Economic Policy

## Prof. Francesco Timpano – Prof. Randolph Luca Bruno

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

The course introduces students to the analysis of aggregate economic variables through simple but at the same time rigorous analytical frameworks. The analysis initially focuses on the basic notions of macroeconomics, including the analysis of real, financial, and labour markets in closed and open economies in the short and long term. The long-term analysis will allow for the introduction of topics related to the impact of sustainability on macroeconomic systems, with a special focus on the interpretation system provided by the *Sustainable Development Goals* (SDGs) of the United Nations. The purpose of economic policy analysis is the study of the main economic policies (macro and micro) in the European context and their impact on sustainability *performance* with particular reference to the European context.

*Intended learning outcomes*

*Knowledge and understanding*

At the end of the course, students will be able to

* Analyse the fundamental macroeconomic accounts of an economy (objective 1);
* Know and understand the basic macroeconomic models relating to the real and monetary economy in a closed and open economies from a short-medium and long-term perspective (objective 2);
* Know and understand the notions of public good, externalities and market failure and that of income distribution of an economy (objective 3);
* Know and understand the economic policies that can be used in order to pursue objectives of full employment, stability and long-term sustainability (objective 4);

*Ability to apply knowledge and understanding*

* Interpret the macroeconomic accounts of an economy by evaluating their impact on collective well-being (objective 5);
* Use macroeconomic models in order to understand the different impact effects of the main global and national economic phenomena on the economy of a country (objective 6);
* Use macroeconomic models to assess the impact of monetary, fiscal, currency and European policies, as well as those aimed at achieving sustainable development (objective 7);
* Outline economic policies and their impact on citizens and businesses, with particular reference to the impact on sustainability in the SDGs approach (objective 8).

The course will aim to promote students’ ability to learn the *mainstream* apparatus of macroeconomics and economic policy, and to develop their independent judgment concerning the effectiveness of policy choices. In particular, the course will promote students’ ability to learn how to evaluate the impact on sustainability and the objectives of the 2030 Agenda. The evaluation methods are built in order to stimulate communication skills, through the creation of written policy briefs aimed at evaluating the effect of policies.

### **COURSE CONTENT**

*MACROECONOMICS*

1. National economic accounts and macroeconomic variables;
2. The intertemporal dimension of macroeconomic analysis and long-term growth;
3. The foundations of macroeconomics: consumption, investments, financial activities and monetary policy
4. The short-term macroeconomic equilibrium

*ECONOMIC POLICIES FOR SUSTAINABILITY*

1. Production, employment, and inflation: aggregate demand and aggregate supply
2. Fiscal policy, monetary policy and currency policies;
3. Externalities, public goods, and market failures: introduction
4. European policies for long-term growth from a sustainability perspective (SDGs): from the Green Deal to the Next Generation EU

### **READING LIST[[1]](#footnote-1)**

Giovannini, E., L’utopia sostenibile, 2018, Editori Laterza (recommended reading) [*Buy from VP*](https://librerie.unicatt.it/scheda-libro/enrico-giovannini/lutopia-sostenibile-9788858130766-258424.html)

Burda M., Wyplosz C., “Macroeconomia – Un’analisi europea”, 3rd edition, Egea, 2019 [*Buy from VP*](https://librerie.unicatt.it/scheda-libro/michael-burda-charles-wyplosz/macroeconomia-unanalisi-europea-9788823822702-673934.html)

Point 1: chs. 1, 2

Point 2: chs. 3, 4, 5

Point 3: chs. 6-10;

Point 4: chs. 11-12;

Point 5: chs. 13-15

Point 6: chs. 16-19

The lecturer will provide specific reading list materials on points 7 and 8.

### **TEACHING METHOD**

The course will include the use of a variety of tools:

1. Lectures;
2. Thematic seminars;
3. Classroom simulations and homework.

The course will significantly encourage interaction between lecturers and students.

### **ASSESSMENT METHOD AND CRITERIA**

The exam consists of four *homework (policy briefs)* during the year and a written test.

1. *Policy brief* 1: simulation on national economic accounts and macroeconomic models (objectives 1 and 5) - 10% of the final mark;
2. *Policy brief* 2: analysis and models of the factors determining long-term growth (objective 2 and 6) - 10% of the final mark;
3. *Policy brief* 3: analysis of European economic policies (objectives 3, 4 and 7) - 10% of the final mark;
4. *Policy brief* 4: analysis of national economic policies on a country's SDGs (objective 8) - 10% of the final mark;
5. Written test: theoretical aspects and taxonomies (40% of the final mark, all objectives) and exercises on the models used (20% of the final mark, objectives 3 and 5).

The *homework* has a mainly practical and operational purpose, as it aims to foster students’ familiarity with the operational aspects of macroeconomic modelling and the measurement of the impact of policies on sustainability. The written test assesses basic and theoretical competences, knowledge of taxonomies and completes the assessment of competences on quantitative aspects.

### **NOTES AND PREREQUISITES**

The Microeconomics course is a useful prerequisite for attending the Macroeconomics and economic policy course.

Any changes will be available online on the lecturer's personal page at <http://docenti.unicatt.it/>

Information on office hours available on the teacher's personal page at <http://docenti.unicatt.it/>.

1. The textbooks specified in the reading list can be purchased at the University bookstores; they can also be purchased from other retailers. [↑](#footnote-ref-1)