

MACROECONOMICS

IE University

Professor: **MARIA TERESA SANTERO QUINTILLA**

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Degree course: **SECOND**

Semester: **1º**

Category: **BASIC**

Number of credits: **6.0**

Language: **English**

PREREQUISITES

A passing grade in "Introduction to Economics", "Microeconomics" and "Mathematics I" is highly recommended, although not mandatory, since you need to be familiar with basic economic thinking. If you have not passed those courses, we might discuss individually the best way to acquire the necessary basic concepts.

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, sharp cyclical swings, and imbalances in the public and external sectors. Understanding these issues helps identify the potential role of governments to improve the health of their economies through public policies; it also helps assess the potential impact of inadequate macroeconomic policies.

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

2.1. OBJECTIVES

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.

2.2. SKILLS

Students are expected to acquire the following skills:

Cognitive:

- Good understanding of the basic general equilibrium model and its applications
- Understanding the relationships among the main macroeconomic aggregates
- Knowledge of macroeconomic policy tools and options
- Understanding the relationship between economic policies and economic performance
- Knowledge of the main schools of thought in macroeconomics and understanding of their basic concepts and principles
- Familiarity with economic thinking and economic language
- Familiarity with official sources of economic data, serious sources of economic news and institutional sources of economic analysis

Instrumental:

- Use of basic models to analyze real life economic events and to make policy inferences
- Capacity to abstract and work with simplified versions of reality
- Familiarity with graphical analysis
- Ability to communicate economic arguments and economic analysis in precise and concise manner

Attitude:

- Think critically about the limits of economic theory and be able to question experts' assessments with sound arguments
- Be open to different views and arguments regarding economic events (macroeconomic problems often have alternative solutions)
- Take a broad and comprehensive approach for the analysis of economic issues (there is a very large number of factors interacting in the economy)

METHODOLOGY

To adapt to the requirements of the post Covid-19 health crisis, IE has adopted a hybrid learning model known as Liquid Learning. It combines classroom face to face sessions in small groups (which can also be attended online) with online videoconference sessions, and with self-study activities, both individual and collective.

All sessions will combine reviews of the theoretical concepts, discussions of real life economic events and practical exercises of macroeconomic analysis. Theoretical reviews and practical analysis during sessions will take similar shares of time, therefore students should be ready to work on their own and study the theory with the help of interactive study material and the course textbook. The sessions described as asynchronous are specifically intended for independent study. They can be followed with more flexibility than synchronous sessions, but they should involve the same time and effort on the part of the student. Interactive learning material and detailed guidelines would be provided at the beginning of the course to support the self-study, and students are encouraged to raise questions and doubts in synchronous sessions and/or request office hours. Students are expected to participate actively in all modalities of learning activities.

The time dedication suggested for a good course performance is the following:

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	20.0 %	30 hours
Discussions	20.0 %	30 hours
Exercises	10.0 %	15 hours
Group work	20.0 %	30 hours
Other individual studying	30.0 %	45 hours
TOTAL	100.0 %	150 hours

EVALUATION CRITERIA

ORDINARY

Your final grade in the course will be based on the following criteria:

Criteria	Percentage	Comments
Participation	10 %	
2 Midterm Exams	50 %	
Term Project	20 %	
Other Learning Activities	20 %	

Passing the course will require a minimum average grade of 5/10 in the two midterms. Failing the course will mean retaking all the course material in the extraordinary call.

Up to ten extra points (over 100) can be awarded (bonus) or extracted (malus) for extraordinary contributions (+) or penalties for class missbehavior (-)

Participation: two main criteria will be used in reaching judgment about your participation, frequency and quality of your contributions. Participating in debates and in class practical exercises is compulsory. Lack of contribution in those activities will be graded as 0.

There will be **two midterm exams** worth 25% each. They will each cover about half of the course program. The exams will be online, will last 30-50 minutes, and will consist on multiple choice questions and some type of short questions.

Detailed instructions will be available in campus online (Additional Documentation) by the beginning of the course regarding the **Term Project**.

Detailed instructions will be available in campus online (Additional Documentation) by the beginning of the course Regarding **Learning Activities**.

PROFESSOR BIO

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TERESA SANTERO, PhD

Teresa Santero holds a PhD in Economics from the University of Illinois at Chicago (USA) and a Bachelor's Degree in Business Administration from the University of Zaragoza (Spain). In the academic area, she has been Associate Professor at IEU since 2012, visiting Professor at the Universidad Complutense de Madrid and Lecturer and Research Assistant at the University of Illinois in Chicago. Outside academia, she has held high ranking positions in the Spanish Public Administration (Secretary General for Industry in the Spanish Ministry of Industry, Energy and Trade, Secretary General at the Social Affairs Department of the Regional Government of Aragon and Director General for Economic Policy in the Department of Finance, Economy and Labour of the Regional Government of Aragon) and has also worked for international organizations (ten years as an economist at the Economics Department of the Organisation for Economic Cooperation and Development – OECD- in Paris). She is currently member of the Board of Directors of ICO (Instituto de Crédito Oficial), has been member of several other Boards of Directors (NAVANTIA, SEPI and Aragon's Technological Institute) and has chaired the Board of Directors of Gerencia del Sector Naval. She has also been head of the Spanish Delegation at the European Space Agency (ESA) between 2008 and 2012.

OTHER COURSE RULES

Attendance to all sessions (synchronous or asynchronous) is compulsory and IE's attendance policy applies to all of them. In synchronous sessions you should be visible through your video camera all through the session. Failing to show up or living at any time during the session will be considered and registered as an absence.

IE's attendance policy states that you can miss up to 30% of the sessions without having to justify them. The professor will not request, nor accept, documents justifying absences. Students absent for more than 30% of the course sessions will fail the course.

Be aware that the asynchronous sessions are also compulsory, they will involve self-study working on interactive learning activities. You are expected to spend on each of those activities the equivalent of a regular synchronous session. The activities will be graded and subject to attendance requirements.

Exams will be online and might be proctored with online proctoring platforms. Be ready to have a webcam available and to register when indicated for the chosen platform.

Given the current format of the sessions and exams, make sure to have available a computer with webcam and micro and a good internet connection (or an ethernet cable).

Cell phones are a source of distraction, they should be turned off and out of sight during all synchronous sessions; failure to do so will be penalized in the evaluation for class participation and, if necessary, reflected on extraordinary malus on the final grade.

Whether classes are attended physically or online you are expected to be on time. Late arrival is always a disruption. I pass attendance at the beginning of the session, if attendance has been passed at your arrival, your absence will not be modified.

