



SYLLABUS

Introduction to Macroeconomics
Instructor: Massimo Di Matteo
Contact Hours: 40
Language of Instruction: English

Siena, Italy

COURSE DESCRIPTION

The course will present ways of modeling the economic system as a whole that are currently used by economists. In particular, macroeconomic models that explain growth and fluctuations will provide elements for making informed business decisions. The rationale for economic policies will be discussed within the different approaches that dominate the debate. The course will use classical and Keynesian analysis to examine key aggregate variables and their possible effects on monetary and fiscal policy. Finally, the course will review contemporary debates within macroeconomics.

COURSE OBJECTIVES

Students who successfully complete this course will be able to understand the evolution of the economic system as a result of long term tendencies and the actions of the government. They will gain an understanding of how key aggregate variable such as real output and income, economic growth, unemployment and inflation are determined.

INSTRUCTIONAL METHODOLOGY

The course will mainly consist of lectures. This however will leave space for conducting informal discussions about the present situation of the economy using the intuition of the student and her personal background. These aspects will interact with the formal presentation of the arguments by the lecturer.

I will be available with office hours after regular classes.

METHOD OF EVALUATION (GRADING)

The method of assessment will correctly correspond to the level of the course, as outlined above. There will be four assignments with a total weight of 60% and a final exam for the remaining 40% according to the following schedule

Chapters 2,4,5,6 : 1st assignment 15 questions with a weight of 15%
Chapters 7,8,11,12 : 2nd assignment 15 questions with a weight of 15%
Chapters 9,10,13,14 : 3rd assignment 15 questions with a weight of 15%
Chapters 15,16,17 : 4th assignment 15 questions with a weight of 15%
Final exam: 40 questions with a weight of 40%

COURSE OUTLINE

The reference text is: O’Sullivan, Sheffrin, Perez, *Macroeconomics. Principles, applications, and tools*, 8th edition, Pearson 2014: chapters 18 and 19 are to be omitted

- Lecture 1: The key principles of economics (Chapt 2)
- Lecture 2: Supply, demand, and market equilibrium (Chapt 4)
- Lecture 3: Measuring a Nation’s production and income (Chapt 5)
- Lecture 4: Features of unemployment & inflation (Chapt 6)
- Lecture 5: The working of the economy at full employment (Chapt 7)
- Lecture 6: Why do economies grow? (Chapt 8); 1st Assignment
- Lecture 7: The income expenditure model (Chapt 11)
- Lecture 8: Extensions of the income expenditure model (Chapt 11)
- Lecture 9: Investment and financial markets (Chapt 12)
- Lecture 10: Aggregate demand (Chapt 9)
- Lecture 11: Aggregate supply (Chapt 9)
- Lecture 12: Fiscal policy (Chapt 10); 2nd Assignment
- Lecture 13: Money & the banking system (Chapt 13)
- Lecture 14: Monetary policy (Chapt 14)
- Lecture 15: The relation between short and long run (Chapt 15)
- Lecture 16: The classical school and the Keynesian theory (Chapt 15)
- Lecture 17: The dynamics of inflation & unemployment (Chapt 16); 3rd Assignment
- Lecture 18: Macroeconomic policy debates (Chapt 17)
- Lecture 19: A final overview
- Final Exam

COURSE READINGS

Occasionally supplementary readings will be provided to enhance students’ understanding of the topics proposed.