Universidad de Navarra

Macroeconomics: Theory and Policy

Guía docente 2025-26

INTRODUCTION

This subject expands knowledge acquired in Principles of Macroeconomics, focusing on modelling. It is aimed at learning how economists use different models to complement intuitive and graphical analyses to build representations of the economy and, in doing so, suggest policy measures.

ACADEMIC YEAR 2025-2026

- **Departament**: Economics
- **School**: Economics and Business Administration
- **Degrees:** Gr.Eco+Governan-13; Gr.Eco+Data A.b-20; Gr.Eco+Int.Ec.b-20; Gr. Eco+Lead.b-20; Gr.EC Eco+DN(b)-20
- **Timing**: 1º year, 2º semester (3º and 2º year for Gr.Eco+Governan-13 and Gr.EC Eco+DN(b)-20, respectively)
- **Number of ECTS credits**: 6 ECTS
- **Type of course:** Compulsory
- **Module / Subject:** General economics / Macroeconomics
- **Language**: English
- **Instructor**: Miguel Ángel Borrella-Mas (mborrella@unav.es)
- **Time and place of classes:** Check directly here: Horario

Students with special needs: Please, contact the instructor at the beginning of the semester.

LEARNING OUTCOMES (Competences)

General Competences

GC1. Understand different areas of economic analysis, both theoretical and/or applied.

GC2. Identify, integrate, and use acquired knowledge in argumentation, discussion, or problem-solving relevant to the economic and/or business fields.

Specific Competences (Economics)

SC1. TUnderstand the fundamental concepts and methods of Economic Theory.

SC3. Use the concepts, theories, and models of Economic Theory to assess the reality of the economic environment.

SC10. Apply the tools of Economic Theory to the analysis and discussion of real-world situations.

PROGRAM

CHAPTER 1 Introduction

- Macroeconomics and its relation with microeconomics

- Models and types of variables

- Income, Expenditure, and the Circular Flow

CHAPTER 2 Demand

- Goods and services market: IS curve

- Money market: LM curve

- Equilibrium

- Fiscal and monetary policy

- Open economy

- Aggregate demand (AD)

CHAPTER 3 Supply

- Labor markets

- Aggregate supply (AS)

- AD, AS and policy

- Phillips curve

CHAPTER 4 Financial markets in Macroeconomics

- Risk and risk premiums

- The role of financial intermediaries

- Extending the IS-LM model

- Financial policies

- Great depression and great recession

CHAPTER 5 Growth

- Brief history of economic growth

- Very long-term theories of economic growth

- Stylized facts of modern economic growth

- Solow model: Savings, capital accumulation, population

EDUCATIONAL ACTIVITIES

On campus (54 hrs):

There will be two types of classes: theoretical and practical. Students are encougared to attend all classes.

In theoretical classes, the most important concepts of the course will be explained. The instructor will post in ADI all necessary documents (compulsory and elective) for each chapter. Students are invited to ask any questions about this material during office hours.

In practical classes, the exercise sheets will be covered and additional problems may be considered. Students are advised to try to solve the exercise sheets on their own before coming to class.

Individual study (85-90 hrs):

Time devoted to studying and personal work. This time includes that devoted to learning concepts, solving problems, watching online videos, doing online tests, etc

Tutorials (2 hrs):

Presenting and solving of doubts and questions with the instructor

Assesment (4 hrs):

Both midterm and final exam will last around 2 hours. Students are recommended to read and briefly plan the time distribution before starting to answer the questions. The evaluation method is described in the section "Assessment". Students must show they have learnt the material and acquired the required competences.

How to study for the class:

It being the first time the student is faced with intermediate macroeconomic models, developing the appropriate methodology for studying is of capital importance. Students are expected to attend all classes and participate both passively (taking notes, listening, etc) and actively (anticipating the "next step", asking questions, etc)-

It´s very important to understand the difference between "learning how to solve a problem" as compared to "learning how to replicate"

For much of the course, the suggested study methodology would entail:

Step 1) Studying and learning the theoretical part of the material . Learn the "how", not just the "what"

Step 2) Practice individually (redo class examples without looking at the solutions, solve problems, exercise sheets, alternative functional forms, etc) By this point the student should be able to do these things on his own, without checking his notes, books, etc

Step 3) Compare his solutions with those of his study group. Check together the solutions to models based on slightly different assumptions. Solve individually and check answers as a group again

Step 4) Ask the instructor for help with any questions

ASSESSMENT

CONVOCATORIA ORDINARIA

- Online tests: 15%
- Midterm (date: check school´s web): 30%
- Final (comprehensive,date: check school´s web): 55%

A minimum grade 3.5 in the final exam is required to pass the course.

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CONVOCATORIA EXTRAORDINARIA

- Final (C. Ord): 10%
- Online tests: 15%
- Midterm: 20%
- Final exam (C. Ext.): 55%

A minimum grade of 3.5 in the final exam (C.Ext.) is required to pass the course.

Description of assessment activities:

The **exams** (midterm, final and June exam) will take place at the places and times announced in the school´s website. These exams will have two separate sections. Total scores will result from adding points from both sections. No minimum grade is required in either section. **However, a minimun grade of 3.5 is required in the final exam in order to pass the course.**

- In the first section of the exam, multiple choice questions will be used to evaluate theoretical and applied concepts covered during the course. Some questions will be entirely theoretical, while others will require students to use models and tools learned during the course

- In the second section the student must answer short questions and/or solve problems

Observations:

- Online tests will be solved in ADI. The grade for this part will be calculated using only a % (to be determined) of the total number of online tests carried out, so that missed supervised tests need not be justified. Absences will simply count towards the other % of non-graded activities.

- Both final and midterm are compulsory

- The final is comprehensive

- **HONESTY IS THE BEST POLICY** (Regulation)

We value honesty. Without it, there can be no trust or any meaningful social relations. Therefore, the School expects honesty and fairness from all of its members: professors, non-academic staff and students. Dishonest behaviours will be sanctioned in accordance with the University Norms on Student Academic Discipline of August 2015, and include lying, cheating in exams and plagiarism in written work. We take such violations seriously. Depending on their gravity, these offences will be dealt with by the Professor in charge of the subject, by the Dean of Students and in very severe cases, by the Vice President for Student Affairs. Sanctions include:

- formal warnings

- prohibition from entering University premises for a given period

- loss of admission rights to exams

- loss of scholarships

- A failing grade for the piece of work or the whole course

Students with special needs:

Please, contact the instructor at the beginning of the semester.

OFFICE HOURS

Instructor: Miguel Ángel Borrella-Mas (mborrella@unav.es)

- Place: 2170 (2nd floor, Hilera, Amigos Building)
- Time: Tuesdays (15:00-17:00) and Thursdays (17:00-19:00)

Other times may be scheduled by appointment.

BIBLIOGRAPHY AND RESOURCES

Main books:

- Blanchard, O. Macroeconomía, 4th Ed, Prentice Hall Ibérica, Madrid. 2006. Find it in the Library

- Mankiw, G. Macroeconomía, 8th Ed, Worth, New York. 2002. Find it in the Library

Others:

- Samuelson. Macroeconomics, 19th Ed, McGraw Hill. Find it in the Library

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The student will have access to the following in the intranet as they become available:

- Slides for theoretical sessions.

- Exercise sheets for practice sessions.

- Chapter outlines.

Other resources that may be of interest (not required for assessment):

Gapminder: tools to understand reality via graphs

The geography of a recession: dynamic map of US unemployment rates, by counties

Movie data base with movies to better understand some economic concepts (list taken from the database by drs. Dirk Mateer and Herman Li, of Pennsylvania State University). Recommended for this course:

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Austin Powers: International Man of Mystery (1997)

Ferris Bueller's Day Off (1986)

Gangs of New York (2002)

It's a Wonderful Life (1946)

Mary Poppins (1964)

Pay It Forward (2000)

Reality Bites (1994)

Another movie list to illustrate macroeconomic concepts. List compiled by Jim Standford

Khan academy videos, to review some basic concepts:

Keynesian cross

Fiscal and monetary policy

Aggregate Demand

AD shifts

Some books/ readings that may be of interest. List compiled by Greg Mankiw. Some recommendations:

In Fed we trust. (David Wessel) "*In Fed We Trust* is a breathtaking and singularly perceptive look at a historic episode in American and global economic history"

Peddling prosperity (P. Krugman)

Other interesting links

Staying updated with the news is of great importance to understand the relevance of macroeconomic theories

http://europe.wsj.com/home-page

http://www.economist.com/ (esp. its Schools Brief section)

http://www.ft.com/home/uk

For studying data and trends:

http://www.imf.org/external/datamapper/index.php (interactive charts tool)

https://pwt.sas.upenn.edu/php_site/pwt_index.php (data on economic growth)

http://www.bde.es/bde/en/areas/estadis/ (data on Spain and Euro Area)