UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Macroeconomics and Economic Policies

2122-2-E3301M193

Learning area

Learning objectives

The course aims at providing the knowledge of core macroeconomic models, useful for the understanding of economic systems in closed and open economy, in the short, long and very long term. The study of theoretical models is coupled by their application for the understanding of macroeconomic dynamics in Italy, in order to enable students to deal with the core issues characterizing modern economic systems, and to understand the main economic concepts, also through the use of models and their empirical implementation. The course also aims at equipping the student with the knowledge required to understand the formation economic policies and their main consequences.

Contents

The course deals with core macroeconomic issues at an introductory level, yet with a focus on some more advanced topics. In the first part, within a general perspective, core theoretical tools for the understanding of the working of the closed and open economy in the short, long, and very long run, are provided. Tools are then employed for the understanding of macroeconomic dynamics in Italy and Europe. In the second part, the theoretical tools are further extended and applied to understand the rationale, design, and implementation of economic policies.

Detailed program

Introduction

- The science of macroeconomics

- Main macroeconomic variables

Classical theory: the economy in the long-run

- The determination of the level of production and income in closed and open economy

- Money, inflation e unemployment

The theory of growth: the economy in the very long-run

The theory of balanced growth

- capital accumulation and demographic growth

- technology and economic policy

- the accountancy of growth

Endogenous growth models: human capital and technology

Business cycle theory: the economy in the short-run

- The IS/LM model and of aggregate demand and supply in closed and open economy

- The inflation-unemployment trade-off

- Currency areas and the European Monetary Union

- Public debt

Microeconomic foundations of Macroeconomics

- Consumption, risk aversion, savings

- Income, consumption and wealth

- Ricardian equivalence intergenerational equity

- Investment

The dynamic aggregate demand and supply model in closed and open economies

- Extensions and applications of the model to the current macroeconomic context

The role, motivations, functions, and limits of economic policy in an imperfect world

- Stabilization policies: the theory and the practice

- Fiscal policy: details on public debt sustainability, rules, and the public budget policy in the eurozone and the European Union

- Monetary policy: details on tools, rules, transmission mechanisms, and the European Central Bank.

Economic growth theories and economic policies

- Stylized facts and endogenous growth

- The role of institutions, human capital, technological innovation, markets, and financial development

- Sustainable growth and climate change

Prerequisites

Microeconomics and Economic History

Teaching methods

Lectures in the classroom.

In the case of an epidemics emergency, lectures will be delivered remotely and asynchronously, with additional videoconferencing events, organized synchronously.

Assessment methods

The exam is written and composed of two parts. The first part deals with the macroeconomic part of the course (60%) and the second part deals with the economic policy part of the course (40%). The final mark is a weighted average of the two marks reported in the macroeconomic and economic policy exams. Both exams are composed of 6 questions (each carrying up to 5 points), of which 4 are in closed form, with the motivation required, and 2 are open questions.

In the case of an epidemics emergency, exams will be held online through the WebEx e Moodle platforms. Additional details about exam logistics will be provided on the e-learning webpage of the course, as well as a link for online access to the exam to potential auditors.

Textbooks and Reading Materials

- N.G. Mankiw, M.P. Taylor, Macroeconomia, 6° ed. italiana, Zanichelli, 2015. The book is also available in digital format and can be purchased online at https://www.zanichelli.it/ricerca/prodotti/macroeconomia-mankiw-001

- Papers made available online by the instructor