

UNIVERSITY OF ROME TOR VERGATA
MSc. In Business Administration

Economics for Business (Macro)
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Syllabus

1. Economic system

Keywords concepts: Macroeconomics, Flow Variables, Stock Variables: , Wealth, Income, Money (and its functions), Finance, *Financial System*

2. Gross Domestic Product (GDP)

Key concepts: Gross Domestic Product (GDP), GDP/per capita, Income distribution, GDP Limits, GDP growth rate, expansion, stagnation, contraction, inflation rate, Inflation, stable prices, Deflation , Price index, Laspeyres methodology, GDP deflator or general price index, CPI (consumer price index), PPI (production price index), Core inflation, How is GDP measured, AGGREGATE DEMAND and its components, aggregate consumption and its determinants, private savings and their determinants, aggregate investments and their determinants (net and gross), GOVERNMENT PURCHASES, government transfers, taxation, government budget deficit, public debt, exports,, imports, balance of payments and its components, business cycle and its components, business cycle indicators.

3. Money, credit, banking and finance

Key concepts: Money, currency, bank deposit, Monetary aggregates, Liquidity, Credit and its main features, credit risk, nominal interest rate and its determinants, real interest rate, BANK and bank balance sheet (bank assets and liabilities), banking risks, types of banks, Central bank and its functions, Bond market, bond pricing (basics), nominal exchange rate, real exchange rate, forex market (demand, supply, equilibrium).

4. IS – MP – IA MODEL (Romer 2000)

Key concepts: IS function, MP function, IA function, Long-run aggregate supply, short-run aggregate supply, inflation adjustment mechanism, equilibrium in the short and long run, LABOUR MARKET (demand, supply, equilibrium), employment and unemployment, connections between IS-MP-IA and labour market model.

Reading material

Hoover K.D. (2015) Applied Intermediate Macroeconomics, Cambridge University Press, Cambridge

- Chapter 2 “The National Accounts and the Structure of the Economy”
 - Sections : 2.1, 2.2, 2.3, 2.4, 2.6 (Mandatory)
 - Sections: 2.5 (Optional)
- Chapter 3 “Understanding Gross Domestic Product”
 - Sections : 3.1, 3.2, 3.3, 3.4, 3.5 (Mandatory)
 - Sections: 3.6 (Optional)
- Chapter 4 “Measuring Prices and Inflation”
 - Sections: 4.1.1 (Mandatory), 4.2.1, 4.2.2, 4.2.3, 4.3 (Mandatory)
 - Sections: 4.1.2, 4.1.3, 4.1.4, 4.1.5, 4.1.6 (Optional)
- Chapter 5 “Trends and Cycles”
 - Sections: 5.1, 5.2, 5.3.2 (Mandatory)
 - Sections: 5.3.1, 5.3.3 (Optional)
- Chapter 7 “The Behavior of Interest Rates”
 - Sections: 7.5 (Mandatory)
 - Sections: 7.1, 7.2, 7.3, 7.4, 7.6 (Optional)
- Chapter 8 “The International financial System and the Balance of Payments”
 - Sections: 8.1, 8.2, 8.3, 8.4.1 (Mandatory)
- Chapter 11 “The Ideal Labour Market”
 - Sections: 11.1, 11.2, 11.3 (Mandatory)
- Chapter 12 “Unemployment and the Labor-Market Process”
 - Sections: 12.1, 12.2

Romer D. (2000) “Keynesian macroeconomics without the LM Curve”, Journal of Economic Perspectives – 14: pp. 149-169 (Mandatory)