

## Faculty of Economics and Political Science

### Macroeconomics Theory

#### Information :

**Course Code :** ECO 201

**Level :** Undergraduate

**Course Hours :** 3.00- Hours

**Department :** Department of Economics

#### Area Of Study :

This course focuses on the national economic performance and introduces the aggregation conception. It also emphasizes on economic variables such as savings, investment, consumption, employment and inflation rates. The course helps in explaining the economic business-cycles and macroeconomic policies through different economic perspectives. It provides the students with a clear understanding of the gross domestic product (GDP), its components, measurement, and approaches, as well as a clarification on the difference between nominal and real economic variables. It provides a general framework for macroeconomic analysis through diverse models such as IS-LM/ AD-AS model.

#### Course Goals:

"Estimate and analyze macroeconomic variables such as Gross Domestic Product, unemployment rate, inflation rate, balance of payments.

"Evaluate the economic performance of a nation through macroeconomic indicators.

"Appraise the relevance of Economics to society and appreciate how the laws of Economics are developed.

"Identify the underlying economic forces that drive economic growth and policy decisions.

"Acquire sufficient knowledge of methods of macroeconomic analysis engaging in analysis using common economic arguments and policy decisions.

"Recognize how to efficiently use available economic resources through aggregate demand and aggregate supply and their equilibrium.

"Appraise how economic measures such as unemployment, inflation, exchange rates, interest rates, and trade deficit affect economic performance in the short run and the long run.

"Develop an understanding of the core models of macroeconomics including the Keynesian cross, the IS-LM model, the Solow growth model, and the Mundell Fleming model of exchange rates.

"Recognize the role of money, inflation, and interest rates for monetary and fiscal policy decisions.

"Distinguish the difference between microeconomics and macroeconomics and their diversified economic tools.

"Understand how mathematical expressi

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#### Course outcomes :

##### **a.Knowledge and Understanding: :**

- |     |   |
|-----|---|
| 1 - | Outline basic macroeconomic concepts and principles such as unemployment, inflation, saving, investments, growth and balance of payments. |
| 2 - | Recognize economic policies on the macro level such as fiscal and monetary policies on the aggregate economy.                             |

3 -	Identify the linkages between the money market, the financial market, and the market for goods and services.
4 -	Investigate simple mathematical, verbal and diagrammatic methods of analysis.
5 -	Draw alternative policy responses focusing on contemporary macroeconomic policies while always referring back to some specific macroeconomic model.
6 -	Appreciate the common structure of the macroeconomic models using terms such as exogenous variables, endogenous variables, equilibrium, disequilibrium, and whether or not models return to their equilibrium.
7 -	Observe knowledge of macroeconomic models to analyze economic problems in the real world.
8 -	Investigate macroeconomic changes in the real world and be able to identify the reasons behind such changes.

**b. Intellectual Skills :**

1 -	Subdivide different macroeconomic methodological tools into mathematical and diagrammatical methods of analysis to explain macroeconomic issues.
2 -	Analyze the characteristics of alternative macroeconomic models.
3 -	Link macroeconomics with other social branches to facilitate the decision making process.
4 -	Interpret key macroeconomic principles to various practical and policy issues.
5 -	Examine different macroeconomic data analysis techniques in analyzing and interpreting international economic phenomenon such prose, tables, and graphs.

**c. Professional and Practical Skills :**

1 -	Prepare analytical methods, theory based and model based arguments.
2 -	Dramatize on government policies, macroeconomic performance.
3 -	Construct a comparison between macroeconomic performances in different countries.
4 -	Use and construct a sound knowledge of core economic theory.
5 -	Conduct profitability and cost-benefit analysis evaluations to analyze country macroeconomic performance if random and/or intended changes occur in the environment.
6 -	Use both qualitative and quantitative skills in solving economic problems.

**d. General and Transferable Skills :**

1 -	Experience with conceptual frameworks effective for problem solving and decision making.
2 -	Acquire analytical reasoning skills, numeric and clear effective communication skills.
3 -	Test the ability of students to work under pressure and as part of a team.

**Course Topic And Contents :**

Topic	No. of hours	Lecture	Tutorial / Practical
Structure of Macroeconomics: Introduction to Macroeconomics	10	2	2
The Measurement and Structure of National Economy	10	2	2
Productivity, Output and Employment	10	2	2
Consumption, Saving and investment in closed Economies	5	1	1
Midterm		1	
Consumption, Saving and Investment in Open Economies	10	2	2
Long-run Economic Growth: Solow Growth Model	5	1	1
Second Midterm		1	

**Course Topic And Contents :**

Topic	No. of hours	Lecture	Tutorial / Practical
Business Cycle and Macroeconomic Policy	5	1	1
The IS-LM / AD-AS Model	5	1	1
Final Exam		1	

**Teaching And Learning Methodologies :**

Data show and computer in lectures

Group discussion

Research Paper

**Course Assessment :**

Methods of assessment	Relative weight %	Week No	Assess What
Class participation, Quizzes, Attendance and tutorial Grades	30.00		To assess understanding and to assess theoretical background of the intellectual and practical skills
Final Exam	40.00	15	To assess knowledge and intellectual skills
Midterm Exams	30.00		To assess professional skills

**Course Notes :**

**Recommended books :**

1. Gregory Mankiw, Macroeconomics (5th edition). Worth, 2003.
2. Robert J. Gordon, Macroeconomics (10th edition). Addison Wesley, 2005.

**Periodicals :**

Olivier Blanchard, What Do We Know about Macroeconomics that Fisher and Wicksell Did Not? Quarterly Journal of Economics, 115(4), November 2000, pp. 1375-1409.