

Department:

Economics and Finance

Course Name:	Macroeconomics	Course No.:	ECON 612
Prerequisite:	N/A	Credit Hours:	3

Brief Description:

This course provides students with a thorough understanding of macroeconomic analysis by exposing them to macroeconomic theories that have come to dominate the study of employment, inflation, balance of payments, economic growth and business cycles. The course begins with the mathematical treatment of the traditional IS-LM and AD-AS models to understand the debate between different schools of thoughts as to how a closed economy works. The new consensus model or new Keynesian 3-equations model will be discussed to explain the working today's modern macroeconomy. The traditional IS-LM model will be extended to include the BP schedule to describe the working of an open economy. The course will emphasize the results of macroeconomic research, giving however some attention to the methods used in macroeconomic analysis and research

Course Objectives:

After completion of this course the student will be able to:

- Section 2.1 Explain how to develop theoretical models that help understand the working of the closed and open economy.
- Construct macro models by means of calculus and linear algebra derive both short-run and long-run equilibrium for the economy and fiscal and monetary policy multipliers.
- Examine the debate between different schools of thoughts classical, Keynes, neoclassical, new Keynesian and New Classical – as to how the economy works and how the level of employment, inflation and output are determined.
- Sevaluate the current theoretical and empirical research in macroeconomics and interpret their findings

Course Topics:

- > An Overview: evolution of macroeconomics
- Classical model of employment and inflation
- Keynes's model of employment
- Solution Keynes vs. the classics
- > Phillips curve ant the Keynesian-Neoclassical synthesis
- **Inflation and unemployment: Friedman's model**
- > The new classical macroeconomics
- Supply: Short-run, long-run and stability analysis
- Macroeconomic Models for Open Economy and Exchange Rates
- > The demand side of the economy
- > The supply side of the economy
- > The 3-equations model of macroeconomy
- Mundell-Fleming Macroeconomic Model for an Open Economy
- Monetary and Fiscal Policies under Fixed and Flexible Exchange Rates
- Donbusch Overshooting Macroeconomic Model





Text Book:

- Solivier Blanchard (2017), Macroeconomics (7th edition)n, New York, USA: Pearson
- Carlin, W. and Soskice, D. (1990), Macroeconomics and the Wage Bargain: A Modern Approach to Employment, Inflation and the Exchange Rate,Oxford, UK: Oxford University Press.
- Moosa, I.A. and Bhatti, R.H. (2010), The Theory and Empirics of Exchange Rates, Singapore, World Scientific Publishing.

Additional References:

Macroeconomics: Institution, Instability and the Financial System by Carlin, W. and Soskice, D (2015), Oxford, UK: Oxford University Press.

Online Resources:

- http://www.economist.com
- http://www.worldfinance.com
- https://www.wsj.com/news/markets
- https://www.ft.com/markets

Measurement & Assessment Tools:					
Objectives		Obj 1.1 &1.2	Obj 2.2	Obj 3.1	
Assessment tools	Grade	Week (Time period)	1	2	3
Midterm test	25	9 th	*		
Class work	10	12 th			*
Assignments	15	15 th		*	
Final exam	50	As Dated	*		
Total	100				
Extra credit					
Not Required					

Tentative Course Outline:			
Wee k	Hours	Topics	Readings
1	3	An overview: evolution of macroeconomics	
2	3	The classical model inflation and unemployment: market clearing and quantity theory of money	Ch 1; Carlin- Soskice (1992)
3	3	Keynes's model of employment: IS-LM & AD-AS analysis,	Ch 2; Carlin- Soskice (1992)
4	3	Keynes vs. Classics, Keyes model and falling money wages and the real balance effect: the classical rejoinder	Ch 2; Carlin- Soskice (1992)
5	3	Phillips curve ant the synthesis model:	
6	3	Phillips curve ant the synthesis model: Friedman, M (1977), Noble lecture: inflation and unemployment, Journal of Political Economy", vol. 85, issue 3, 451-7.	
7	3	Inflatioin and unemployment: Friedman's model, Ch 3, Carlin- Soskice; Friedman, M (1968), "The Role of Monetary Policy,	





		American Economic Review, Vol. 58, No. 1. (Mar., 1968), pp. 1-17.	
8	3	Aggregate Demand & Supply: Short-run, long-run and stability analysis	Ch 1; Scarth (1992); Scarth (1996
9	3	The demand side of the economy	Ch 1; Carlin- Soskice (2015)
10	3	The supply side of the economy	Ch 2; Carlin- Soskice (2015)
11	3	3-equations macroeconomic model	Ch 3; Carlin- Soskice (2015)
12	3	Macroeconomic Models for Open Economy and Exchange Rates	Ch 5; Scarth (1992) &Ch 2 Moosa and Bhatti (2010).
13	3	Mundel-Fleming Macroeconomic Model for an Open Economy	Ch 5; Scarth (1992) &Ch 2 Moosa and Bhatti (2010).
14	3	Donbusch Overshooting Macroeconomic Model (contd.)	Ch 2 Moosa and Bhatti (2010).
15	3	Donbusch Overshooting Macroeconomic Model	Ch 2 Moosa and Bhatti (2010).
16	3	Revision	

Approved by Dept. Chair:

Date of Approval:

Extra Information: (Updated every semester and filled by course instructor)

Course Instructor:	Dr
Office No:	
Extension:	
Email:	
Office Hours:	