

Course Title	Macroeconomics Theory
Course Code	ECO-313
Pre-Requisite	ECO-212: Intermediate Macroeconomics
Level	BS

Course Objectives

1. The course focuses on issues and accumulation of knowledge in the field of Macroeconomics to familiarize students with the intellectual debate in a historical perspective.
2. Exposure of students to graphical and quantitative analysis of issues for deeper understanding of policies and their transmission mechanisms.

Learning Outcomes

1. General understanding of the Macroeconomics and issues related to economy.
2. The basic knowledge of theories and algebraic models related to Macroeconomics ensures conceptual clarity for quantitative analysis.

Week	Topic
1	Theories of Consumption (Absolute, LC, PIH), Optimal Consumption and Saving Plans, and Choice between Consumption and Leisure.
2	Finite and Infinite Horizon Models of Consumption; Consumption Smoothing under Uncertainty and the concept of random walk
3	Theories of Investment Neo-classical and Adjustment cost models
4	Growth Theories: Solow-Swan and Ramsey-Cass-Koopmans Models The Endogenous Growth Theory
5	Structure of Classical Model. Analysis of IS-LM Framework and Derivation of Aggregate Demand Curve (ADC)
6	Structure of Keynesian Model. Derivation of Aggregate Supply Curve

	(ASC). Proof of Money Neutrality and Involuntary Unemployment
7	Government Budget Restraint in Macro Model and Stability Issue
8	Inflation in the static model and Phillips Curve. Use of AS-AD Framework for Policy Analysis
9	Mid Term Exam
10	Adaptive and Rational Expectation Models, Misperception Theory and Derivation of Lucas Supply Curve
11	Construction of New Classical Model, Policy Analysis based on anticipated and unanticipated monetary shocks
12	Introducing Nominal Frictions, Overlapping Contracts Model
13	Near Rational and Menu Cost Models with nominal imperfections and imperfect competition
14	Common Facts about Economic Fluctuations, A Baseline RBC Model with Real Rigidities.
15	Basic Structure of Forward Looking DSGE based New Keynesian Model
16	Introducing the Concept of Financial Frictions in NK DSGE Model
17	Left Over Topics/ Revision
18	Final Examination

Remarks: The changes introduced are less than 10% of the entire contents of the approved course outline.

Updated Text Book List:

- a. C. J. C. Junior (2016). Understanding DSGE, *Delaware: Vernon Press*.
- b. W. M. Scarth (2010). Macroeconomics: An Introduction to Advanced Methods, 3rd edition, *Hamilton: Mc Master University Press*.

- c. R. T. Froyen (2014) *Macroeconomics: Theories and Policies*, Tenth (Global) Edition. Boston: *Pearson*.
- d. D. Romer (2018), *Advanced Macroeconomics*, 5th edition. *McGraw Hill - Irwin*.