

## **ECO-216 Introduction to Macroeconomics**

**Cr Hrs: 3.0**

### **Course Description**

The purpose of this course is to offer students a thorough understanding of core concepts and methods of macroeconomics as a foundation for subsequent study of macroeconomic topics within the degree program. The contents of this course will enable students to appreciate how real markets work and to recognize the forces that lead to equilibrium in each market. The major areas of focus will be the inputs market, the goods market, the labor market, the asset and money market, business cycles, and related economic growth. Furthermore, a section of the course deals with organizational structure and culture, and the business regulatory environment. Throughout the course, critical thinking to analyze macroeconomic problems using real-world examples will be encouraged.

The course is pitched at the intermediate level so is based on the understanding that students have at least attained the basic macroeconomics knowledge equivalent to that covered in any Principles of Economics course.

### **Course Objectives**

Upon completion of the course it is expected that students should be able to understand:

The structure of the economy and basic indicators of economic performance,  
The critical linkages between the goods market, inputs market, and money market,  
The role of macroeconomic policy in influencing consumption, investment, inflation, and employment  
The macroeconomic models underlying the goods, inputs, and money markets, as well as the IS-LM, AD-AS framework

### **Learning Outcomes**

Critical thinking – analyze information, utilize logic and microeconomic models and build up to macroeconomic models using aggregation, recognize patterns and rationality to form optimal conclusions, recognize and evaluate assumptions, apply macroeconomic concepts to real world examples

Literature Research Skills – undertaking independent research, use of available literature to organize information into coherent and persuasive arguments

Global Awareness – understand the global environment in which economies operate

### **Required Course Material**

Reference materials for this course include:

Textbooks:

Macroeconomics by Andrew B. Abel, Ben S. Bernanke, & Dean Croushore (7<sup>th</sup> edition)

Principles of Macroeconomics by N. Gregory Mankiw (6<sup>th</sup> edition)

Macroeconomics by Olivier Blanchard (6<sup>th</sup> edition)

CIMA Official Study Text

Additional readings may be assigned as and when required

**Course Content (Weekly)**

<b>Week</b>	<b>Lecture Topic</b>	<b>Readings (Chapters)</b>
<b>1</b>	<b>Measurement and Structure of the National Economy</b>  National Income Accounting: The Measurement of Production, Income, and Expenditure Gross Domestic Product Saving and Wealth Real GDP, Price Indexes, and Inflation Interest Rates	1, 2 (AB), 2 (MK)
<b>2</b>	<b>Productivity, Output, and Employment</b>  The Production Function The Demand for Labour The Supply of Labour Labour Market Equilibrium Unemployment Okun's Law	3 (AB), 6 (MK)
<b>3,4</b>	<b>Consumption, Saving, and Investment</b>  Consumption and Saving Investment Goods Market Equilibrium	4 (AB), 16 (MK)
<b>5,6</b>	<b>Saving and Investment in the Open Economy</b>  Balance of Payments Accounting Goods Market Equilibrium in an Open Economy Saving and Investment in Large Open Economies Fiscal Policy and the Current Account	5 (AB)
<b>7,8</b>	<b>The Asset Market, Money, and Prices</b>  Definition of Money Portfolio Allocation and the Demand for Assets The Demand for Money Asset Market Equilibrium Money Growth and Inflation	7 (AB), 18 (MK)
<b>9</b>	<b>Midterm Examinations</b>	
<b>10</b>	<b>Business Cycles</b>  Introduction to Business Cycles	8 (AB), 14 (MK)

	Business Cycles Facts	
<b>11,12</b>	<b>The IS-LM/AD-AS Models</b> The FE Line: Equilibrium in the Labour Market The IS Curve: Equilibrium in the Goods Market The LM Curve: Asset Market Equilibrium General Equilibrium in the Complete IS-LM Model Price Adjustment and the Attainment of General Equilibrium Aggregate Demand and Aggregate Supply	9 (AB), 10, 11, 13 (MK)
<b>13</b>	<b>Exchange Rates and Macroeconomic Policy</b> Nominal and Exchange Rates Appreciation and Depreciation Purchasing Power Parity Determination of Exchange Rates – Supply and Demand Analysis Macroeconomic Policy in an Open Economy	13 (AB), 7 (MK)
<b>14</b>	<b>Unemployment and Inflation</b> Unemployment and Inflation: Tradeoff? The Costs of Unemployment The Long-term Behavior of the Unemployment Rate The Costs of Inflation Fighting Inflation	12 (AB)
<b>15,16</b>	<b>Government Spending and its Financing</b> The Government Budget: Facts and Figures Government Spending, Taxes, and the Macroeconomy Government Deficits and Debt Deficits and Inflation	15 (AB)
<b>17</b>	<b>Buffer Week</b>	
<b>18</b>	<b>Final Examinations</b>	