## ECX 1203 INTRODUCTORY MACROECONOMICS (4 CU)

**Course Description:**

Introductory Macroeconomics provides an introduction to modern macroeconomic analysis. Macroeconomic analysis focuses on the national economy and its international economic relations. This encompasses such topics as growth and employment, wage and price dynamics, and consumption and saving behavior. The course examines the scope for, and limits of, monetary and fiscal policy, and other policies such as privatization and tax reform. However, economies are complex, and before we offer public policies to improve their working, we need some idea of how economies work. This means formulating models of the macro economy. Unlike (in general) microeconomics, there have been many 'schools of thought' in macroeconomic theory and policy. The 'macroeconomics tree' described early in the course shows how macroeconomics has evolved. In this course, we will learn something about the two main modern schools of macroeconomic thought: one broadly characterized as 'New Classical', one as 'Keynesian'.

**Objectives:**

There are three general aims for this module and they are to:

(i) Provide a sound basis in the fundamentals of macroeconomics and their application to both theoretical and real world situations.

(ii) Develop analytical skills using the major methods of mathematics and diagrams.

(iii) Engender the ability to communicate and report findings, particularly via tutorial essays, presentations and exercises.

**Learning Outcomes:**

Emphasized learning outcomes from the study of this course are:

(i) Demonstrate knowledge of macroeconomic principles

(ii) Identify appropriate techniques to analyze macroeconomic equilibrium in the various markets .

(iii) Show an understanding of mathematical, diagrammatic and verbal forms of analysis

(iv) Demonstrate clear and effective communication through essays and exercises

(v) Demonstrate a broad knowledge of core areas of economics

(vi) Apply core economic theory and economic reasoning to applied topics.

(vii) Show understanding of analytical methods, both theory- and model-based.

(ix) Demonstrate understanding of verbal, graphical, mathematical and econometric representation of economic ideas and analysis, including the relationship between them.

(x) Discuss and analyze government policy.

**Intellectual Practical and Transferable Skills**

Upon completing this course students will be able to:

(i) Work with abstract concepts and in a context of generality

(ii) Reason logically and work analytically

(iii) Understand the context in which a problem is to be addressed

(iv) Select and apply appropriate techniques to solve problems

(v) Justify conclusions using economic arguments with appropriate rigor

(vi) Apply mathematical, statistical and graphical techniques in an appropriate manner

(vii) Communicate effectively and clearly in written and oral formats

**Teaching and Learning Pattern**

This course is taught for a total of 60 hours [i.e. four (4) contact hours per week]. Teaching and learning in this course will be through among others, team-teaching; problem-based approaches; student-centered learning; lectures; in class exercises; own readings; take-home assignments and group exercises.

**Indicative Content**

Stylized macroeconomic facts for developing and developed economies; 'technical' issues such as national income accounting and the interpretation of aggregate concepts. 'supply side' of the economy; aggregate production technology ; equilibrium in the short run and the dynamics of production and capital accumulation in the long run; labor market - again differentiating between 'static' equilibrium in the short run with real wage flexibility (examining also the consequences of inflexibility), and the 'dynamics' of the labor market, when workers search for better jobs; consumer spending, saving and borrowing; capital market, role of the government, and its impact on household behavior. The money market and the role of government intervention in that market ('monetary policy). Overall macroeconomic equilibrium - simultaneous equilibrium in all markets.A 'classical' and a 'Keynesian' model; investment and its role in fluctuations in the economy ('business cycles'); open economy macroeconomics; determinants of international trade.Money exchange rate determination and exchange rate regimes.

**Assessment Method**

This will be through a mid-semester examination (30%) and final examination (70%).

**Indicative Sources**

1. Beggs, D. Fisher, S. and Dornbusch, R. (1991) *Economics*: McGraw Hill: London.
2. Boumal, W.J. and Blinder, A.S. (1991) *Economics: Principles and Policy:* Harcourt Brance Jovanvich.
3. Burda, M and C. Wyplos, Z (2004) *Macroeconomics: A European Text*, 4thEditionOxfordUniversity Press.
4. Dornbusch, R and Stanley Fisher (1994) *Macroeconomic*: 6th Edition, McGraw-Hill International Editions, New York.
5. Krugman, P and Wells, R (2007) *Macroeconomics*: 2nd Edition,Princeton University,New York: Worth Publishers.
6. Mankiw Gregory, N (2004) *Macroeconomics*: 5th Edition, New York: Worth Publishers.
7. Miles, D and Scott, A (2005) *Macroeconomics: Understanding the Wealth of Nations*, 2nd Edition, paperback, John Wiley & Sons.