

COURSE: INTRODUCTION TO MACRO ECONOMICS (ECO 102)
Lahore School of Economics
Spring 2010

SYLLABUS

1. Introduction: Macroeconomic Issues
2. National Income and Output: The Economy: Private and Public Sectors; The Economy in the Global Economy, Measuring Domestic Output; National Income and Price Level; Introduction to Economic Growth and Instability; Building the Aggregate Expenditures Model; Aggregate Expenditures: The Multiplier; Net Exports and Government; National Income and Price in the Short Run; National Income in the Long Run.
3. Money, Banking and Monetary Policy: The Role of Money in Macroeconomics; The Balance of Payments and Exchange Rates; Monetary Policy; Macroeconomic Policy in an Open Economy.

Core Reading List

1. McConnell Brue, Economics Principles, Problems and Policies
2. Lipsey, An Introduction to Positive Economics

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Course Objective: The basic objective of this course is to thoroughly familiarize the students with a working knowledge of Macro Economics. To build a thorough understanding of the different perceptions of Macroeconomic policies that have changes radically in the past few years. We will be discussing both the old and the relatively recent views in this course.

Teaching Strategy: The lecture will be divided into two parts the first being 1.5 hours long in which the text will be explained, followed by a 1 hour discussion session, devoted to using and applying the knowledge gained in class through individual as well as group activities. Primarily these sessions will consist of case studies, problem sets, presentations and most important of all quizzes. The student should be prepared to expect a quiz in the class after the completion of a chapter. Attendance of 90% is compulsory throughout the semester; failing to comply with this will result in negative marks on the final grade.

Final Assessment Criteria

Final Exam	30%
Mid Term	30%
Quizzes	20%
Assignments	10%
Attendance	5%
Presentation	5%

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LECTURE SESSIONS

DISCUSSION SESSIONS

1. The source of macroeconomic problems: Introduction	Mc Connell Brue Chp 7
2. The source of macroeconomic problems: Inflation and unemployment	Assignment 1 (based on Chp 7)
3. The US Economy; Private and Public Sectors: Households as Receivers, Spenders, The Business Population, Legal forms of Business, The Public Sector:	Quick review questions Mc Connell Brue Chp 4
4. The Circular Flow Revisited, Government Finance, Federal Income, State and Local Finance.	Assignment 2 (Based on Chp 4)
5. The United States in the Global Economy: International Linkages, United States and the World Trade, Specialization and Comparative Advantage.	Discussion on theory and quick review questions Mc Connell Brue Chp 5
5. The Foreign Exchange Market, Multilateral Trade Agreements and Free- Trade Zones, Increased Global Competition.	Assignment 3 (Based on Chp 5)
6. Measuring Domestic Output, National Income and the Price Level: Assessing the Economy's Performance, GDP, Expenditure Approach, Income Approach.	Discussion on theory and quick review questions McConnell Brue Chp 6
7. Other National Accounts, Nominal GDP versus Real GDP, CPI, Shortcomings of GDP	Assignment 4 (Based on Chp 6)
8. Building the Aggregate Expenditure Model: Simplifications, Consumption and Saving.	Quiz # 1(chp 4,5,6,7)/discussion Mc Connell Brue Chp 8
9. Investment, Equilibrium GDP, Other Features of Equilibrium GDP	Assignment 5 (based on Chp 8)

10. Aggregate Expenditure: The Multiplier, Net Exports and Government: Changes in Equilibrium GDP and the Multiplier, International Trade and Equilibrium	Presentation Group 1
11. Equilibrium versus Full Employment, Applications of the Model, Limitations of the Model.	Assignment 6 (based on chapter 9 Mc Connell Brue)
12. National Income and Price in the Short Run. Exogeneous Changes in the Price Level.	Presentation Group 2
13. Changes in National Income and the price level, Equilibrium National Income and the Price Level.	Quiz 2 (Chp 8,9 and part of 31)
14. Mid Term	Mid term
15. National Income in the long run. Induced Changes in Factor Prices, the Long run consequences of Aggregate Demand Shocks.	Assignment 7(based on Lipsey chp 32)
16. National Income in the Short and Long Run, Fiscal Policy and the Business Cycle.	Presentation Group 3
17. Lecture Continued	Presentation Group 4
18. The Role of Money in Macroeconomics. The supply of money and the demand for money, monetary forces and National Income.	Lipsey Chp 36 Presentation Group 5
20. Aggregate Demand, the price level and National Income.	Assignment 8(based on chp 32)
21. The Balance of Payments and Exchange Rates. The Balance of Payments, 22.The Market for Foreign Exchange.	Quiz # 3 (based on chapter 32 and 36) Presentation Group 6
22. The Determination of Exchange Rates.	Assignment 9 based on Chp 37

23. Monetary Policy. The context of Monetary Policy, Techniques of Monetary Policy.	Presentation Group 7
24. Targets and Indicators, The Costs and Benefits of a Single Currency for the European Currency.	Quiz 4 on Chp 37 and part of 38
25. Macroeconomic Policy in an Open Economy: Macro Policy in a World with Perfect Mobility.	Presentation Group 8
26. Introduction to Economic Growth and Instability: Economic Growth, Business Cycle, Unemployment.	Assignment 10 (based on part chp 38 and part chp 39)
27. Inflation, Redistribution effects of Inflation, Effects of Inflation on Output.	Quiz 5 on part chp 38 and part chp 39
28. Final Exam	Final Exam