

Course Code: ECON 502**Course Title: Advanced Macroeconomics****Course Type (GED/Core/Elective):** Core**Year/Level/Semester/Term:** One Year**Academic Sessions:** 2023-24 & 2024-25**Course Teacher/Instructor:****Pre-requisite (if any):****Credit Hours:** 04**Contact Hours:** 60

Course Rationale: This course is an extension of the macroeconomics courses taught at the undergraduate level in that it explicitly adopts the representative agent based modern approach to analyse macroeconomic theories and accords more technical interpretations of the advanced topics in macroeconomics. It also refers to the empirical evidence related to various macroeconomic theories. As such, students' knowledge of mathematical economics, advanced statistics, and econometrics shall be deemed necessary.

Course Objective: This course aims at an augmented learning of the macroeconomic theories by way of relating them to the real-world outcomes and by analysing the impacts of the policy changes at the behest of the government as well as the rest of the world.

Course Learning Outcomes: After successful completion of the course, students will be able to understand and analyse, among other issues, the following:

1. The evolution of macroeconomics and Microeconomics of Macroeconomics;
2. The sources of economic growth;
3. The Classical, Keynesian Monetarist and Modern Approach to Business Cycle analysis;
4. Theories of demand for money and supply of money;
5. The macroeconomics of open economy.

CLOs Mapped to PLOs

CLO/PLO	PLO1	PLO2	PLO3	PLO4	PLO5	PLO6
CLO1	3	3	3	3	3	3
CLO 2	3	3	3	3	3	3
CLO3	3	3	3	3	3	3
CLO4	3	3	3	3	3	3
CLO5	3	3	3	3	3	3

Course Contents

Topic	Content Summary	Teaching Strategies/Tools	In-Class Assessment	Contact Hours	CLOs
1	A Brief History of Evolution of Macroeconomic Thought: Phase 0 - Panics of 1800s and early 1900s; Phase 1 - Measuring macroeconomic activity; Phase 2 - Keynesian macroeconomic approach; Phase 2.5 - Monetarist approach; Phase 3 - Lucas Critique and Modern approach.	Strategies: Verbal exposition Tools: Books; Handouts; Multimedia; Online resources	Q&As; Quizzes; Homework; Assignments; Presentations; Tutorials;	6	1
	Consumption Saving and investment: Intertemporal budget constraint, Consumption				

2	and saving decision of representative consumer, derivation of Keynes - Ramsey rule and its implications, Ricardian equivalence. Investment decision by firms, Arbitrage equation, from desired capital to investment, Financial investment.	Strategies: Verbal and graphical exposition Tools: As above	As above	6	1
3	Productivity, Output and Employment: Production function, demand for and supply of labour, labour market, Work-Leisure decision.	As above	As above	4	1
4	Growth Models: Importance of Economic Growth, Stylised facts of growth, Growth Accounting, Malthusian model of growth, Solow model, infinite horizon and overlapping-generations model, Endogenous Growth Models.	Strategies: Verbal, graphical and mathematical exposition Tools: As above	As above	8	2
5	Business Cycle: Keynesian Approach: Features and Facts of business cycle, Short run model and IS—LM approach, Short run model and Philips curve, AD-AS approach	Strategies: Verbal and graphical exposition Tools: As above	As above	4	3
6	Business Cycle - Modern Approach: Productivity shock, Impulse and propagation mechanisms, Effects on consumption-leisure and consumption-saving, DSGE model, Productivity shock; Market clearing and Real business cycle theory.	Strategies: Verbal and graphical exposition Tools: As above	As above	4	3
7	Business Cycle - Monetarist Approach: Money and output; Monetary business cycle and Nominal rigidity; Expectations and monetary business cycle.	Strategies: Verbal and graphical exposition Tools: As above	As above	4	3
8	Macroeconomics in an Open Economy: <i>Mundell-Fleming Model and Some Extensions</i> - Base-line MF Model; Large-country case, Insulation and MF Model; The Case of Imperfect Competition and No Capital Mobility; J-Curve Effect; Wealth Effect MF Model; Two-Country MF Model and Interdependence; International Policy Coordination.	Strategies: Verbal and graphical exposition Tools: As above	As above	8	5
9	Theories of Demand for Money: Basic Issues Related to Demand for Money; Baumol-Tobin Model; Partial Adjustment Model; Error Correction model.	As above	As above	4	4
10	Supply of Money: Components of Base Money; Central Bank's Balance Sheet and Base Money; Instruments, Intermediate Target and Goals of Central Bank; Under What Circumstances Central Bank Should Target Money Stock and Interest Rate.	As above	As above	8	4

Class Schedule:**Lesson Plan**

Week(s)	Topic(s)	#Classes	CLO(s)	Remarks
1 – 3	1	1 – 6	1	
4 – 6	2	7 – 12	1	
7 – 8	3	13 – 16	1	
9 – 12	4	17 – 24	2	<i>Class Test 1: (Topics 1 - 3) 17th Class</i>
13 – 14	5	25 – 28	3	
15 – 16	6	29 – 32	3	
17 – 18	7	33 – 36	3	<i>Class Test 2: (Topics 4 - 6) 33rd Class</i>
19 – 22	8	37 – 44	5	
23 – 24	9	45 – 48	4	
25 – 28	10	49 – 56	4	<i>Class Test 3: (Topics 7 - 9) 49th Class</i>
29 – 30	1 - 10	57 – 60		<i>Review</i>

Overall Evaluation Policy:

- a. Continuous Internal Evaluation (CIE): Marks - 00
- b. Year-End Examination (YEE): Marks - 100

Bloom's Category	Marks (100)
Remember	20
Understand	30
Apply	10
Analyze	20
Evaluate	10
Create	10

- c. Grading Scheme: *As in Section 19*

Policy for Make-Up Classes:

- Utilize the open slots in consultation with students
- Swap classes with colleagues

Recommended References

1. Branson, W. H. (1989). *Macroeconomic Theory and Policy* (3rd ed.). New Delhi: Indus.
2. Dornbusch, R., Fischer, S., & Startz, R. (2011). *Macroeconomics* (11th ed.). McGraw-Hill.
3. Mankiw, N. G. (2012). *Macroeconomics* (8th ed.). Worth Publishers.
4. Mishkin, F. S. (2004). *The Economics of Money, Banking and Financial Markets* (7th ed.). Pearson/Addison Wesley.
5. Romer, D. (2012). *Advanced Macroeconomics* (4th ed.). McGraw Hill