LEARNING OUTCOMES

By the end of this paper, students will be expected to be able to:

1. Build and interpret macroeconomic models (4%);
2. Demonstrate how these models may enhance our understanding of real world experience (20%);
3. Use these models for policy design (20%);
4. Critically appraise these macroeconomic models (20%).

ACTIVITIES

The teaching time will comprise lectures. The lectures will feature discussion primarily based on macroeconomic theory. They will also draw on case studies that demonstrate the testing of key hypotheses implied by theory. Lectures will include sessions where students will have (1) the opportunity to ask questions concerning the material previously covered in the lectures and (2) engage in a number of problem-solving exercises. It will be presumed that students already have a reasonable knowledge of macroeconomics and quantitative methods.

RESOURCES

Recommended:
Students should also consult the following books for certain sections of the course:


TOPICS

**PART A**: The first half of the module comprises Topics 1 to 3 and is primarily concerned with the long-run behaviour of the economy.

**Topic 1**: Introduction (Reading; Mankiw, Chapters 1 – 2), The Science and Data of Macroeconomics.

**Topic 2**: Classical Theory: The Economy in the Very Long Run (Reading; Mankiw, Chapters 3 – 6), National Income: where it comes from and where it goes, Money and inflation The Quantity Theory of Money), The Open Economy, Unemployment. Economic Growth: Capital accumulation and population growth; Economic Growth: Technology, empirics and policy.

**PART B**: The second part of the module comprises Topics 4 – 6 and is primarily concerned with issues that are relevant to the short-run behaviour of the economy.

**Topic 4**: Business Cycle Theory: The Economy in the Short-run (Reading; Mankiw Chapters 9 – 14). Introduction to Economic Fluctuations. Aggregate demand: Building and applying the ISLM model. The open economy: the Mundell-Fleming model and exchange rate regime. Aggregate supply and the trade-off between
inflation and unemployment. A dynamic AD and AS model (including the monetary-policy rule).

**Topic 5:** Macroeconomic Policy Debates (Reading: Mankiw, Chapters 15 – 16).
Stabilisation policy, government debt and budget deficits.

**Topic 6:** The Current Economic Crisis and the Global Economy (Readings will be announced in the lectures).

**ASSESSMENT**

**Internally Assessed Components**

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<th>Component</th>
<th>Due Date</th>
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<tbody>
<tr>
<td>Test 1</td>
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<td>Assignment 1</td>
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- The above **Internally Assessed Components** make up 50.00% of the total assessment.
- The **Final Examination** makes up the remaining 50.00%.

**Assessment Details**

**Test 1:** A 45 minute closed-book test on the material so far covered. Further details will be provided during the lectures.

**Assignment 1:** The submission of a written assignment. Further details will be provided during the lectures. Due date: ???

**Test 2:** A 90 minute closed-book test primarily on the material covered since Test 1. Further details will be provided during the lectures.

**Assignment 2:** The submission of a written assignment. Further details will be provided during the lectures. Due date: ???
Final Examination: Thursday, May 10, 2-5pm