Department of Economics

Forman Christian College

(A Chartered University)

**Spring 2023**

**Macroeconomics 1 (ECON 102)**

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| Course Title | Macroeconomics 1 |
| Course Information | Econ – 102 3 credits , Prerequisite: None |
| Class Timing /Venue | Section B: From 11:00 to 11: 50 (Monday, Wednesday, Friday), E-203 |
| Instructor | Hafiz Rizwan Ahmad |
| E-mail / Cell#/ Office | [rizwanahmad@fccollege.edu.pk](mailto:rizwanahmad@fccollege.edu.pk) / 03334644771/ E-223 |
| Office Hours | Monday, Wednesday, Friday (12:00 to 12:50)  Tuesday and Thursday (11:00 to 12:50 pm) |

#### COURSE DESCRIPTION

Economic conditions greatly affect all of us throughout our lives. They affect where we live, what job we get, and how much we earn and spend. Economic conditions affect peace and stability in our cities and in the world. It is practically impossible in today’s complex world to be a responsible citizen without some grasp of economic issues and principles. This course seeks to give students a better understanding of how our economy operates and what can be done to economics issues. After completion of course students will actively participate in economic life with vision, understanding and zeal to contribute their genuine efforts to enhance the prosperity and productivity of the economy.

**LEARNING OBJECTIVES**

There are three basic objectives of this course

1. To understand the basic concepts and principles of macroeconomics.
2. To generalize the theoretical concepts of macroeconomics to the different situation in the real world.
3. Applying different macroeconomic tools to make effective policies to solve economic problems.

By the end of this course you should be able to explain and understand the followings

* How Gross Domestic Product is defined and calculated
* Learn whether GDP is a good measure of economic well-being.
* How different measures of inflation are constructed
* How inflation affects our economic activities.
* What are the major determinants of economic growth?
* How financial system is related to key macroeconomic variables.
* Why there exist massive unemployment and how it can be removed.
* What money is and what functions money has in the economy.
* How money supply affects price level.
* How Monetary and Fiscal policies are used to stabilize economy.

#### TEACHING-LEARNING METHODOLOGY

* Lectures
* Recommended Text / Supplementary Text
* Handouts
* Case studies
* Term papers
* Assignments

#### ASSESSMENT AND EVALUATION

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| Quizzes  Assignments  Class Participations | 10%  10%  10% |
| Mid Term | 30% |
| Final Term | 40% |
| **Total:** | 100 |

**RECOMMENDED TEXT BOOK:**

* Principles of Economics by N. Gregory Mankiw (latest Edition)

#### SUPPLEMENTARY TEXT BOOKS:

###### Economics by Stephen L. Slavin (Second Edition)

* Principles of Economics by Dominic Salvatore

**Online Resources**

Our World in Data: <https://ourworldindata.org/>

Economic Survey of Pakistan : <https://www.finance.gov.pk/survey_2022.html>

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**CALENDAR OF ACTIVITIES**

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| Week | Course Contents | Task / Activities |
| I. | Introduction to Macro Economics. Basic concepts of macro economics. Relationship between major macroeconomic variables. Components and measurement of GDP, Real versus nominal GDP  GDP and economic well-being.  Reference: chapter 22 ( Mankiw) |  |
| II. | Other measures of economic well being. Pakistan’s system of National income Accounts  International differences in GDP and quality of life.  Ref: chapter 22 of Mankiw and handouts. |  |
| III. | Measuring the cost of living. The consumer price index number, wholesale price index number and sensitive price index number. Their measurement and trends in Pakistan.  Problems in measuring the cost of living. Effects of inflation on economic variables.  Ref: chapter 23 of Mankiw and handouts |  |
| IV. | Production and economic growth. Economic growth around the world.  Major determinants of economic growth. Role of natural resources in economic development  Ref: chapter 24 of Mankiw and handouts. | Assignment – 1  Quiz – 1 |
| V. | Case study: Population growth and economic development. Role of human resources and education in economic development. Case study: what causes famine.  Ref: chapter 24 of Mankiw and handouts. |  |
| VI. | Saving, investment and financial system. Financial market and financial intermediaries  Saving, and investment in national income accounts. The market for loan able funds  Ref: chapter 25 of Mankiw | Assignment-2 |
| VII. & VIII. | Unemployment and the natural rate of unemployment. Identification and measurement of unemployment. Causes of unemployment  Case study. Labor force participation of men and women in Pakistan, a comparison with other countries  Ref: chapter 26 of Mankiw and handouts. | Mid Term Exam |
| IX. | The monetary system. Basics Concepts and functions of money. Process of credit creation by banks. Problems in controlling the supply of money  Ref: chapter 27 of Mankiw |  |
| X. | Inflation: its types and causes . Cost of inflation, concept of Philips curve  The level of prices and quantity of money. Ref: chapter 28 and 33 of Mankiw | Quiz – 2 |
| XI. | Open –economy macroeconomics. International flows of goods and capital  Real and nominal exchange rates. Purchasing-power parity  Reference: chapter 29 of Mankiw |  |
| XII. | Concepts of Aggregate demand and aggregate supply. Determinants of economic fluctuations. Case study: East Asian economic crises  Reference: chapter 31 of Mankiw and economic development | Project Presentation |
| XIII. | Role of fiscal and Monetary polices in economic development. Instruments of monetary and fiscal policy. Use of monetary and fiscal policies for economic stabilization  Ref: chapter 32, 34 of Mankiw and handouts. | Project Presentation |
| XIV. | Problem solving & presentations |  |
| XV. |  | End Term Exam |

**Attendance and Class Participation**

Your class participation in form of Discussion Forum and daily attendance has 10 percent weightage, if you miss those you will loose your marks on daily basis. Eighty percent attendance is also necessary to sit in Final paper.

**MISCONDUCT, PLAGIARISM AND DISHONESTY**

Dear students, Forman Christian College expects you to meet the highest ethical standards and observe and practice the core values in your life. Academic standards prohibit:

* Concealing notes during examinations
* Collusions between students in examination
* Copying the work of other student(s) with or without that student’s knowledge during exam or outside of class
* Plagiarism: The definition for plagiarism includes copying of any kind of work without giving credit to the source of the information, i.e. representing another’s work or ideas as one’s own. For example, word-for-word copying from published material, “copy and paste” from the internet or other electronic sources, and paraphrasing other’s ideas without giving proper citation to the quoted or paraphrased work. In addition, self-plagiarism is also prohibited (a student using his/her previously written paper to meet the requirements for another class)
* Unauthorized cooperation on individually assigned work
* Any other act of academic dishonesty
* Students are responsible for others’ cheating, i.e. students should not allow others to copy off their papers

Breaches of academic standards will result in the following censures:

First offence: a grade F or a zero will be assigned to the paper, report, quiz or test. The student’s final grade for the class must be reduced by at least one letter grade.

Second offence: an automatic dismissed from the course in which the second offence occurred with a resulting final grade of “F”.

Third offence: the student will be called before an Academic Review Board to show cause why the College should not suspend him or her. The Vice-Rector will convene such a hearing.