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**College of business administration**

**King Saud university- al Muzahimiyah branch**

**Course Specification: Macroeconomics (ECON- 102)**

*The main purpose of this course is to provide a thorough understanding of the fundamental principles of macroeconomics. This course also focuses on contemporary macroeconomic events and aims to provide students with the ability to understand macroeconomic analysis in the context of business and household decision making as well as government policy. At the end of this course, students should be able to describe the macroeconomic context in which households, business enterprises and governments operate, to use macroeconomic theory to explain macroeconomic performance. This course encompasses all the materials needed to understand the key concepts. Multiple-choice questions, true/false statements, conceptual questions and numerical questions will be given in exam to assess the understandings of the students. Problem sets with solution keys will be used to test the students’ ability to apply the concepts covered in the lectures. A set of exams, including review material and practice exams, will help them to better understand the subject. Keeping these things in mind the following topics have been included for this course.*

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| **Subject Coordinator:** Dr. Md. Izhar Alam | | | |
| **Instructor:** | Dr. Md. Izhar Alam  Dr. Mohd. Imran | **Instructor title:** | Asstt. Professor |
| **Office:** | F 091 F092 | **Phone:** | 1195; 1171 |
| **Teaching Hours:** | 45 | **Email:** | [*mialam@ksu.edu.sa*](mailto:mialam@ksu.edu.sa)  [*myunus@ksu.edu.sa*](mailto:myunus@ksu.edu.sa) |

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| **Required Topics** | **Credit hrs** | **Week** |
| 1. **Introduction:**   Nature and Scope of Macro Economics; Differences between microeconomics and macroeconomics; Goal & Importance of macroeconomics; Tools of macroeconomics; Major Issues and Concerns of Macroeconomics; Post- Keynesian Developments in Macroeconomics- Monetarism, Supply- side Economics and Rational Expectations Theory, Review Questions, **Internal Assessment.** | **3** | **1** |
| 1. **National Income:**   Concepts- Gross Domestic Product (GDP), Gross National Product (GNP) at market price and factor cost, Real & Nominal, Deflator, etc; Measurement and limitation of National Income; Circular flows of Income in two, three and four sector economy, Review Questions, **Internal Assessment.** | **6** | **2** |
| 1. **Determination of Income and Employment (Classical and Keynesian Theory):**   Classical Theory of Employment, Say’s Law of Market; Keynesian theory of employment- Aggregate demand & Aggregate Supply; Inflation & Deflation- Causes and Remedies; wages and unemployment (Phillips Curve); determination of National Income- Keynesian two, three and four sector model, Review Questions, **Internal Assessment.** | **9** | **3** |
| **First Exam** | **20 marks** | |
| 1. **Consumption and Saving:**   The principle of Effective Demand; Consumption Function- Average and Marginal Propensity to consume and save, Theories of consumption- Keynesian Absolute/Psychological law, Post- Keynesian Consumption Theories- Absolute & Relative Income Hypothesis, Permanent Income Hypothesis, Life Cycle Hypothesis, Review Questions, **Internal Assessment.** | **4** | **1** |
| 1. **IS- LM Model:**   Concepts, features and determination. Review Questions, **Internal Assessment.** | **3** | **1** |
| 1. **Theories of Investment, Multiplier Accelerator & Business Cycle:**   Concepts, Types of investment, Determination of level of investment, Marginal Efficiency of Capital (MEC), Concepts and Working of Multiplier & Accelerator, Concepts and features of Business/Economic Cycle, Review Questions, **Internal Assessment.** | **4** | **1** |
| 1. **National Budget:**   Concept and types of budget, Government deficit and debt, Fiscal policy, Review Questions, **Internal Assessment.** | **3** | **1** |
| **Second Exam** | **20 marks** | |
| 1. **Monetary System and Monetary Policy:**   Money and its types and functions; Meaning and Functions of Central Bank and Commercial Banks; Monetary policy of Central Bank, Review Questions, **Internal Assessment.** | **4** | **1** |
| 1. **International Trade, Finance, Balance of Payment and Exchange Rate:**   Theories of International Trade; International Financing, Meaning and components of Balance of Payments; Meaning, types and determination of Exchange Rate, Review Questions, **Internal Assessment.** | **5** | **2** |
| 1. **Economic Growth & Development:**   Meaning, determinants and differences between Economic growth and development, Theories of Economic growth and development, Review Questions, **Internal Assessment.** | **4** | **1** |
| **Final Exam** | **40 marks** | |

**Distribution of Marks:**

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| **S. No.** | **Examinations** | **Marks** |
| 1. | First Exam | 20 marks |
| 2. | Second Exam | 20 marks |
| 3. | Internal Assessment | 20 marks |
| 4. | Final Exam | 40 marks |
| 5. | **Total** | **100 marks** |

**Suggested Study Materials:**

* Class Notes & Practice Workbook Prepared by the Instructor (*Dr. Md. Izhar Alam & Dr Mohammad Imran*);
* Macroeconomics, 7th Edition by *N. Gregory Mankiw*; Worth Publishers; New York, USA;
* Advanced Macroeconomics, 4th Edition by *David Romer*; McGraw- Hill.

**Note:**

* Students are advised to visit the Instructor’s website and look at announcements and download the study materials and be always updated.
* The above mentioned books (of softcopy) are more than 2 MB space and that’s why these books cannot be uploaded at the website. Therefore, students are advised to take these books in their USB flash memory from their Instructions.

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