



LEAD CITY UNIVERSITY
Faculty of Social and Management Sciences
Department of Economics

COURSE PARTICULARS

Course Code: ECO 212
Course Title: Introductory Macroeconomics II
Number of Units: 2
Status: Compulsory

LECTURERS DETAIL

Name: (1) Dr. Foye V.O.
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Area of Specialization: Energy Economics

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Area of Specialization: Energy Economics and Development Economics

COURSE DESCRIPTION

The general equilibrium; international trade and finance, balance of payments and exchange rates; theories of inflation and unemployment; economic planning; growth and development theories; new development in macroeconomics:(deregulation, privatization, globalization); global economic issues and policies.

COURSE OBJECTIVES

The basic objective of this course is to enable students understand the principles of macroeconomics and the specific objectives are to

- understand the general equilibrium in the product and labour market;
- understand the reason for trading with the rest of the world;
- examine some sources and theories of economic growth and; and
- understand the new developments in macroeconomics.

ASSESSMENT

Continuous assessment tests	30 marks
Exam	70 marks
Total	100 marks

LECTURE PLAN

Week	Topic
Week 1	General Equilibrium I: Aggregate Demand, Aggregate Supply, price level and the speed of adjustment Concept of aggregate demand and aggregate supply Derivation of equilibrium in the product market (AD-AS curves and equilibrium price level) Fiscal and monetary policies and the AD-AS curves The adjustment process The business cycle Tutorials
Week 2	General Equilibrium II: The labour market and the AD-AS schedule Players in the labour market Determinants of demand for and supply of labour and the equilibrium wage rate The labour market and the aggregate supply The equilibrium price level Speed of adjustment Tutorial
Week 3	Open Macroeconomics (Basic Concepts) Scope and goals of the open economy Real and Nominal Exchange Rates Computation of foreign exchange Tutorials
Week 4	Open Macroeconomics (International Finance) Trade account and current account balance Capital account and its components Foreign reserve Tutorials
Week 5	The Macroeconomic policy in an open economy Macroeconomic policy with perfect capital mobility Macroeconomic policy with imperfect capital mobility Tutorials
Week 6	Theoretical link between inflation and unemployment The Phillip's inflation-unemployment curve in the short run The Phillip's inflation-unemployment curve in the long-run

	Application of Phillip's curve to real life situation Tutorials
Week 7	: Economic planning Definition Rationale for economic planning Pre-requisites for successful economic planning Tutorials
Week 8-9	Growth and development theories Distinction between economic growth and development Sources of economic growth Theories of economic growth and development Tutorials
Week 10	New development in macroeconomics I (Deregulation) Concept of deregulation Deregulation issues in Nigeria Tutorials
Week 11	New development in macroeconomics II (Privatization) Concept of privatization Privatization issues in Nigeria Tutorials
Week 12	New development in macroeconomics III (Globalization) Concept of globalization Contemporary issues on globalization Tutorials
Week 13	General Revision

READING LISTS

Main Texts

1. Lipsey, R and K. Chrystal (1999), Principles of Economics, Oxford University Press, Oxford, Ninth Edition.
2. Begg, D., S. Fischer and R. Dornbusch (2005), Economics McGraw Hill, Eighth Edition, New York.
3. Campbell, O (2008), Basics of Economics, Lead City Publishers, Jericho, Ibadan

Supplementary Texts

1. Mankiw, G (2008), Macroeconomics, Worth Publishers, New York, Fifth Edition.
2. Witztum, A (2005), Introduction to Economics, University London Press, London.
3. Olofin, S (2005), Introduction to Macroeconomic Analysis, Macmillian, Nigeria.

TUTORIAL QUESTIONS

1 a) Illustrating with the Phillip's curve , use the model of aggregate demand and aggregate supply to explain how policy changes can move the economy from a point of high inflation to a point of low inflation.

b) Assuming you are the new economic adviser to the president of the Federal Republic of Nigeria, use your knowledge of macroeconomics to determine the appropriateness of the following policies:

i) An increase in interest rate by 10%

ii) A 10% increase in duties of imported goods.

2a) What informs a backward bending labour supply curve?

b) What role does the Phillips curve play in explaining the relationships between inflation and unemployment?

c) Does this relationship hold in the long run and why or why not?

3) a) A country that fails to plan, plans to fail. Justify this assertion.

b) Discuss the basic requirements for successful planning.

4) Using relevant graphs, explain the expansionary and contractionary effects of the following on the aggregate demand curve:

a) Change in money supply by the Central Bank

b) Change in interest rate by the Central Bank

c) A new technological innovation

d) Change in government purchases

e) Change in consumer's confidence

5a) Distinguish clearly between economic growth and economic development.

b) Explain any two economic growth theories you are familiar with.

6. a) Why is the long-run aggregate supply curve vertical?

b) What are the factors that can shift the aggregate supply curve?

c) When is a country's current account balanced?

d) Differentiate between current account deficit and current account surplus.

7.) Concisely, differentiate between the following concepts

a) Balance of payments and balance of trade

b) Nominal and Real exchange rate.

c) Net transfer payment and net investment income

d) Exchange rate appreciation and depreciation.

8. Determine whether each of the following would cause a shift of the aggregate demand curve, the aggregate supply curve, neither, or both. Which curve shifts, and in which direction? What happens to aggregate output and the price level in each case? Show graphical illustration of each

a. The price level changes

b. Consumer confidence declines

c. The supply of resources increases

d. The wage rate increase

9) a) Nigeria is known to be an oil dependent country with oil revenue constituting a large percentage of her total revenue. What in your own view is the economic implication of the fall in global oil price on the Nigerian economy?

b) What measures can the government put in place to cushion this effect on the Nigerian economy?

10) Consider the statements below and state whether they are **true, false or ambiguous**. Justify your answer with a short argument.

a) The Phillips Curve describes the negative relationship between the change in unemployment rate and inflation.

b) Inflation is bad for the economy because goods and services are more expensive.

c) Privatization and deregulation are the same; hence, substitutable.

11a) Write short notes on the determinants of aggregate demand in an economy.

b) Why is the aggregate demand curve negatively sloped? Explain

12a) Graphically differentiate with clear explanation the difference between short-run and long-run macroeconomic equilibrium.

b) Assuming you are the economic adviser to the president of Nigeria, how would you adjust a prevailing recessionary gap?

