



LEAD CITY UNIVERSITY
Faculty of Social & Management Science
Department Of Economics

COURSE PARTICULARS

Course Code: ECO 312

Course Title: Intermediate Macroeconomics

No. of Units: 2

Status: compulsory

LECTURER DETAILS

Name: Dr Campbell, O.A
Qualification: B.Sc (Econs), M.Ed., M.Sc & Ph.D (Econs)
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Area of Specialization: Development Economics

COURSE DESCRIPTION

Monetary and fiscal policy in closed and open economy; aggregate supply and aggregate demand analysis; inflation and unemployment; inflation and unemployment; inflation and output; economic growth theories; international trade and finance.

COURSE OBJECTIVES

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- To identify the instruments of fiscal and monetary policy.
- To examine the relationship between fiscal/monetary policy mix and the IS-LM relation.
- To understand the relationship between inflation and unemployment
- To understand the relationship between inflation, unemployment and output.
- To consider the economic growth models and their various submissions.

- To engage in the exposition of international trade, balance of payment account and exchange rate.

ASSESSMENT

Attendance	-	10%
Class participation/Test	-	20%
Examination	-	70%
Total	-	100%

TEACHING PLAN

Week	Topic
Week 1 & 2	Monetary Policy in Closed and Open Economy Monetary Policy Instruments Liquidity Theory of Money.
Week 3 & 4	Fiscal Policy in Closed and Open Economy IS & LM functions and extension of the Model Effectiveness of Monetary and Fiscal Policies
Week 5 & 6	Inflation and Unemployment The Phillips Curve Inflation and Output
Week 7 & 8	Introduction to Economic Growth Theories Harrod-Domar Model Solow-Swan Model of Growth The Endogenous Growth Theory

Week 9 & 10	International Trade and Finance Balance of Payments Accounts Adjustments Mechanism of Balance of Payments Tutorials
Week 11 & 12	Balance of Payments Policies Foreign Exchange Rate Foreign Exchange Rate Policy Tutorials
Week 13	Revision and Examinations.

READING LISTS

- Oliver Blanchard (2004) Macroeconomics, Prentice Hall, USA.
- Mankiw, N (2000) Macroeconomics, New York Worth Publishers.
- Jhingan, M. L (2010) Macroeconomic Theory, Vrinda Publications (P) Ltd., Delhi
- Auerbach, A and L. Kotlikoff (2002), Macroeconomics: An Integrated Approach. The MIT Press, Massachusetts, USA.

TUTORIAL QUESTIONS

1. a. Define domestic economic stabilization.
b. What are the major objectives of stabilization policies.
2. (a) Identify and explain the major categorizations of instruments of fiscal policy.
(b) Proceed to explain how a contractionary fiscal policy operates.

3. Trace and explain the transmission mechanism through which monetary policy could achieve the macroeconomic objectives via:
 - (a) Expansionary monetary policy
 - (b) Contractionary monetary policy.
4. Write explicit notes on the following:
 - (a) Compensatory Fiscal Policy
 - (b) Built – in - Stabilizers
 - (c) Budget Deficit
 - (d) Budget Surplus
5.
 - (a) Explain the crowding out effects of fiscal policy.
 - (b) Briefly describe the liquidity Preference Curve and the Liquidity trap.
6. What are the major submissions of the Phillips Curve as propounded by A.W. Phillips.
7.
 - (a) Identify and explain the relationship that exists between Output Growth and Unemployment.
 - (b) Is there any relationship between Output and Inflation? Explain your response.
8. Explain the cases of modified Phillips curve as reviewed by Friedman and James Tobin.
9. Use the IS-LM framework to analyse the effects of changes in fiscal policy which leads to:
 - a. Increase in Government Expenditure.
 - b. Reduction in Taxes
10.
 - (a) What are the major causes of balance of payments deficit.
 - (b) Explain the general mechanisms through which these adverse conditions can be corrected.
11. Consider the major macroeconomic policies that a government should put in place during a recessionary period.
12. Clearly explain the following:
 - (a) Controlling disequilibrium in the balance of payments under flexible (or floating exchange rates)
 - (b) Distinction between a fixed and flexible exchange rate regime