ECO 104: Principles of Macroeconomics
Department of Economics, IBA Karachi

Program	BBA
Department Offering	Economics
Class ERP Number	90005
Faculty	**Dr. Syed Ateeb Akhter Shah**

Class details			
Class Days, Timing and Room	**Session Days** Saturday	**Time** 10:00 A.M-12:45 P.M	**Classroom** C8 of Aman Tower, City Campus
Session Days	Saturday		
Credit Hours	3 Credit Hours		
Email	aassyed@iba.edu.pk – Only use the official email of IBA to email me.		
Counselling hours	From 1:00 PM till 2:00 PM (Saturday)		
TA Information	To be decided.		

Course Description

This class serves as an initiation into the realm of macroeconomics, providing an overview of fundamental concepts within this field. It encompasses key macroeconomic ideas, including but not limited to national output, unemployment, interest rates, inflation, economic growth, business cycles, and fiscal and monetary policy. The primary aim is to construct a logical and comprehensive analytical framework that facilitates the examination and comprehension of macroeconomic phenomena and policies.

The course commences with a formal introduction to essential macroeconomic principles and theories. Students will engage with formal tools such as algebraic and statistical models as part of the learning process. Additionally, there will be discussions on contemporary macroeconomic policies and ongoing economic challenges faced by both Pakistan and the global economies.

BBA Program Learning Goals

1. Communication Skills
Students will become effective speakers, listeners, writers and team members

2. Knowledge of All Business Disciplines
Students will gain a broad-based understanding of a range of business disciplines

3. Critical Thinking
Students will develop the ability to classify, analyze and evaluate the available data using appropriate techniques for effective decision making.

4. Ethics
Students will have an awareness and understanding of ethical issues.

5. Glocal Mindset
Students will develop a focus on global connections with local contexts through awareness of diversity across cultures and markets.

Course Learning Outcomes (CLOs)
1. Understand the basic concepts underlying Macroeconomic theory and draw insights from data with its application. Specifically, the concepts such as the Inflation, GDP, and International Trade (PLO 302) 2. Tabulate and draw graphs of both aggregate demand and supply, and communicate findings in a presentable way (PLO 301, PLO 302) 3. Provide analytical views on shocks to the macroeconomy that may put the aggregate demand and supply mechanism into disequilibrium, and be able to find policy options that can restore equilibrium (PLO 301, PLO 501) 4. Be able to identify differences between different aggregate markets and analyze behavior of economic agents, such as the consumers, the Government, and the Monetary Authority (PLO 501, PLO 502) 5. Identify and understand how the framework of Exchange Rate and its implications for the Macroeconomy (PLO 301, PLO 502)

AOL Assessment Mapping
Not applicable for this course

Teaching and Learning Methodology
1. Students are encouraged to read the topic prior to the lecture. 2. The lectures presentations will contain important information on concepts and are available on the Learning Management System (LMS) right after the lecture is complete. 3. LMS will contain details about quizzes and assignments (the chapters covered, deadline and format). 4. Class activities will evaluate understanding of students. 5. Discussions on the concepts learned will be encouraged.

Course Learning Outcomes mapped to Program Learning Objectives

Program Learning Goals	Communication Skills	Knowledge of All Business Disciplines	Critical Thinking	Ethics	Glocal Mindset
Course Learning Outcomes					
1		PLO201	PLO301		
2		PLO201	PLO302		
3		PLO202	PLO302		
4		PLO202	PL0301		
5			PLO302		
6		PLO202	PLO302		

The reading and topic schedule listed below is tentative and is subject to change if the instructor finds an alternate better. Any such change to the course of action listed below will be posted on the LMS.

Reading	Mapping to Course Learning Outcomes	Session Topic
Part 1: Issues in Macroeconomics Chapter 1: Macroeconomics: The bird's-eye view of the economy	CL01	1-1 The major macroeconomic issues 1-2 Macroeconomic Policy 1-3 Aggregation

Chapter 2: Measuring Economic Activity: Gross domestic product and unemployment	CL01 CL02	2-1 Measuring economic activity: Gross domestic product and unemployment 2-2 Methods for measuring GDP 2-3 Nominal GDP versus real GDP 2-4 Real GDP is not the same as economic wellbeing 2-5 Unemployment and the unemployment rate
Chapter 3: Measuring the price level and inflation	CL01 CL06	3-1 the consumer price index: Measuring the price level 3-2 Inflation 3-3 Does the CPI measure 'True' inflation? 3-4 The true costs of inflation 3-5 Inflation and interest rates 3-6 Deflation
Chapter 4: Savings, investment and wealth	CL01 CL02 CL03	4-1 Savings and wealth 4-2 Why do people save? 4-3 National saving and its components 4-4 Is low household saving a problem? 4-5 Investment and capital formation 4-6 Saving, investment and financial markets
Chapter 5: Wages, employment and the labour market	CL01 CL02 CL03	5-1 The perfectly competitive model of labour market 5-2 Explaining the trends in real wage and employment 5-3 Unemployment 5-4 Impediments to full employment
Part 2: Short-run Macroeconomics: The Analysis of the Business Cycle Chapter 6: Short-term economic fluctuations: An introduction	CL01 CL02 CL03	6-1 Contractions and expansions 6-2 Output gaps and cyclical unemployment 6-3 Why do short-term fluctuations occur? A preview and a parable
Chapter 7: Spending and output in the short-run	CL01 CL02 CL03	7-1 An introduction to the Keynesian model 7-2 Aggregate expenditure 7-3 Planned aggregate expenditure and output 7-4 Short-run equilibrium output 7-5 Consumption and investment in the two-sector model 7-6 The 45-degree diagram 7-7 Withdrawals and injections 7-8 The four-sector model 7-9 Planned spending and the output gap 7-10 The multiplier 7-11 Stabilising planned: The role of fiscal and monetary policies
Midterm Exam: 05/03/2024 – 11/03/2024		
Chapter 8: Fiscal policy (this chapter will be studied with respect to foreign as well as Pakistan's context)	CL04 CL05	8-1 Government purchases and planned spending 8-2 Taxes, transfers and aggregate spending 8-3 Fiscal policy as a stabilisation tool: Three qualifications 8-4 Contemporary fiscal policy
Chapter 9: Money, prices and the Reserve Bank (this chapter will be studied with respect to foreign as well as Pakistan's context)	CL06	9-1 The financial system and the allocation of savings to productive uses 9-2 Bonds markets, stock markets and the allocation of savings 9-3 Money and its uses 9-4 Commercial banks and the creation of Money 9-5 Money and prices 9-6 The Reserve Bank of Australia
Chapter 10: The reserve Bank and the economy (this chapter will be studied with respect to foreign as well as Pakistan's context)	CL04 CL05	10-1 The reserve Bank, interest rates and monetary policy 10-2 Can the Reserve Bank control real interest rates? 10-3 The effects of Reserve Bank's actions on the economy 10-4 The Reserve Bank's policy reaction function

		10-5 Monetary policymaking: Art or Science? Appendix to Chapter 10
Chapter 11: Aggregate demand, aggregate supply and inflation	CL04 CL05	11-1 Inflation, spending and output: aggregate demand curve 11-2 Inflation and supply decisions 11-3 The aggregate demand-supply diagram 11-4 The self-correcting economy 11-5 Sources of inflation 11-6 Controlling inflation Appendix to Chapter 11
Chapter 12: Macroeconomic Policy	CL04 CL05	12-1 What is the role of stabilization policy? 12-2 Inflationary expectations and credibility 12-3 Fiscal policy and the supply side 12-4 Policy making: Art or science?
Part 3: Long Run Macroeconomics: The Analysis of Economic Growth Chapter 13: An economy in the long run: An introduction to economic growth	CL04 CL05	13-1 Introduction to economic growth 13-2 Economic growth and potential output 13-3 Growth rates and difference in living standards 13-4 Why nations become rich: the crucial role of average labour productivity 13-5 The cost of economic growth 13-6 Promoting economic growth 13-7 Are there limits to growth?
Chapter 14: The production function approach to understanding growth	CL04 CL05	14-1 Economists and economic growth 14-2 The production function 14-3 The Cobb-Douglas production function 14-4 Growth accounting
Chapter 15: Savings, capital formation and comparative economic growth	CL04 CL05	16-1 Saving, investment and economic growth 16-2 The neo-classical (Solow-Swan) model of economic growth
Part 4: Open-Economy Macroeconomics Chapter 16: International Trade	CL04 CL05	16-1 Production and consumption possibilities and the benefits of trade 16-2 A supply and demand perspective on trade 16-3 Protectionist policies: Tariffs and quotas
Chapter 17: Exchange rates and the open economy	CL04 CL05	17-1 Nominal exchange rate 17-2 The real exchange rate 17-3 The determination of the exchange rate 17-4 The determination of the exchange: A supply and demand analysis 17-5 Monetary policy and the exchange rate 17-6 Fixed exchange rates 17-7 Should exchange rates be fixed or flexible?
Chapter 18: The balance of payments: Net exports and international capital flows	CL04 CL05	18-1 The balance of payments 18-2 Capital flows and the relationship between the capital and the current accounts 18-3 the determinants of international capital flows 18-4 Saving, investment and capital inflows 18-5 The saving rate and the trade and current account deficits
Chapter 19: Macroeconomics: What have we learnt?	CL04 CL05	19-1 Lessons from the past 19-2 Schools of thought in macroeconomics 19-3 Some concluding thoughts
Final Exam: 16/05/2024 – 27/05/2024		

Textbook and Pre-Course Reading Material, Important Dates.
Recommended Text: Principles of Macroeconomics. Bernanke, Olekalns, Frank, Antonovics, and Heffetz, 5th edition **Other Books:** Please register yourself at CORE Econ - Economics for a changing world (core-econ.org) using your IBA email, this book may be used for reading and assignment purposes. Principles of Macroeconomics. Dirk Mateer, Lee Coppock, 3rd edition **Important Dates** • **Midterm Exams May 05 to 11, 2024** • **Final Term Exams from May 16 to 27, 2023** • **Quizzes: (N-1) will be applied to quizzes and assignments.**

Prerequisite Skills and Knowledge to take this Course
No specific requirements

Assessments and Grading Scheme		
Assessment	**Due Date**	**Remarks**
Quizzes	Ongoing	1) Each quiz will be taken at the beginning of the class. 2) Bring a number two (2) pencil and eraser on quiz days (except online). 3) There will be no make-up quizzes. 4) Each quiz date will be posted online at least two days prior to the quiz. 5) Quizzes will be worth 10% of your grade. 6) There will be five quizzes (Tentative). Your three highest quiz scores will count toward your final grade. All other quiz scores will be dropped. 7) Everything presented in class, in assigned readings, and posted online will be considered eligible to be included in the quizzes.
Assignments	Ongoing	1) Each assignment will be completed online or emailed. 2) Assignments are worth 10% of your grade. 3) Assignments will not be accepted after the due date. 4) Your three (3) lowest Assignment scores will be dropped. There will be no make-up assignments.
Term Papers and Presentations	Ongoing	1) There will be term papers to be written on specific topics throughout the semester. 2) The term papers will be 10% of your grade. 3) Some of these term papers will required to be presented in the class
Midterm and Final Exam Paper	Exam Weeks	1) Bring a number two (2) pencil, an eraser, and a calculator on examination days. No sharing of calculators will be allowed. 2) You will be allowed to keep your copy of each hourly examination. Because of this, no one will be allowed to start an examination after the first student has left the examination. 3) There will be two examinations. The final examination will be a **comprehensive** examination. Mid-term examination will be worth 35% of your grade. No examination grades will be dropped. 4) You are required to stay updated with the academic calendar and emails from the examination department to know the date

		of the mid-term and final exam. 5) Except for the final examination, there will be no make-up examinations. If you miss an examination, your absence will be excused only if you can provide a documented and verifiable excuse of illness or other hardship. (A vacation, or family trip, is not considered a hardship.) The excuse for the absence will be accepted at the discretion of the instructor. If an absence from an examination is excused, a make-up exam will be given. 6) Everything presented in class, in assigned readings, and posted online will be considered eligible to be included in the exams. 7) With exception to required religious head coverings - hats, hoods, and other head coverings are prohibited during examinations. 8) With the exception of a calculator, the use of electronic devices is not permitted during examinations.

IMPORTANT: In the event extra credit is offered, it will be offered to all students. Extra credit will not be available on an individual basis. There will be no SPECIAL treatment in my class; therefore, do not waste your as well as my time asking me for favors (example: If you could please increase my marks by 1, I will moved to A from A-).

This course follows absolute grading.

Marks Distribution (Total frequency of quizzes and assignments is tentative)				
Marks Head	**Total Frequency**	**Total Exempted**	**Marks /Frequency**	**Total Marks /Head**
Quizzes (N-1)	5	1	10 each	10
Assignments (N-1)	5	1	10 each	10
Term Papers and Presentations	5	1	10 each	10
Mid-Term Examination	1	0	100	30
Final Examination	1	0	100	40
Total Marks				**100**

Comments and/or Suggestions

- Since subsequent topics build on previously learned material, it is imperative that students keep up with the material. In addition, you should ensure that lectures are understood properly.
- A student who misses a class is responsible for obtaining any handouts and information on course content, assignments, due dates, test dates, etc.
- Calculator is a mandatory requirement in this course. Scientific or simple calculators are good enough.
- Unethical behavior (cheating, plagiarism) will be strictly penalized.
- Students are expected to read all topics.
- Students are highly encouraged to ask questions.

Technology & Innovation

- All course materials will be posted on LMS and grades will be posted on ERP. Students are responsible to stay updated on these platforms.
- Students should bring the calculator & textbook to class.

- In case of any unexpected event leading to delay/cancellation of class, change in deadline of an assignment, etc. Instructor and TA will inform the WhatsApp group. Student rules for WhatsApp group are: Until it is a matter of life or death, do not send a message on WhatsApp group. I want to keep everything official, therefore, all communication should be made through official IBA email only.

Experiential Learning Exposure(s)
• Guest Speaker Session may be organized if the course paced was observed to be on track.

Social Contribution / Impact
• This subject provides examples that we encounter daily but never pay attention to in terms of our thinking as students/teachers of economics. This course will help optimize such decisions. • Inculcating awareness of Government policies and their impact on our daily lives.

Academic Conduct
IBA policy
Attendance Policy
IBA policy
Plagiarism Policy
IBA policy
Withdrawal Policy
IBA policy