



Kuwait University
College of Business Administration
Master of Economics Program



Course Syllabus
1030-501: MACROECONOMICS THEORY

Prof. Michail Skourtos

Lecture Time and Location

Mon, 5:00 PM – 7:45 PM, Building BUA-S, Floor 3, Room 1005D3

Contact Information

Office: Economics Department – 3rd Floor – Zone A – Office No. A3 1020

Email: michail.skourtos@ku.edu.kw

Office Hours: Mon Wed, 2:00 PM – 3:00 PM or by appointment

Course Description

The 2008 world financial crisis has boosted interest in macroeconomic analysis and inflated a lively discussion on its tools and models. In this context, we use macroeconomic modeling to understand the functioning of national economies in aggregate and highlight important deficiencies of the globalized markets. The aim of this course is not to cover macroeconomics in depth but rather to provide the basics necessary to address specific applied macroeconomic problems. We start with a reminder on the microeconomic foundations of macroeconomics (Firms and households) and important macroeconomic concepts and measurement issues. We use the IS-LM Model and Aggregate Demand/Aggregate Supply analysis to understand goods and financial markets. We proceed to examine labor markets, inflation and the Philips Curve. We examine the long-run aspects of the macroeconomy, the role of savings and technological progress. We introduce the concept of ‘rational expectations’ to study inflation and the potential of stabilization policy. We address topics on open-economy macroeconomics and we conclude with summing up the pros and cons of fiscal and monetary policies.

Course Learning Objectives (CLOs)

Upon successful completion of the course, students will be able to:

- CLO1.** Understand the functional operations underlying macroeconomic performance
- CLO2.** Identify macroeconomic issues, problems, and trends faced by policymakers nowadays
- CLO3.** Acquire a set of quantitative and qualitative tools to enhance macroeconomic decision making
- CLO4.** Formulate an applied research question; extract relevant information and apply macro theory
- CLO5.** Make an effective oral presentation, incorporate constructive feedback into their own work, and conduct a critical review of fellow students’ research

CLO Mapping to CBA Skill Based Competency Goals*

CLO	Competency Goal			
	Competency Economic Global	Reasoning Skills	Ethical Reasoning Skills	Communication Skills
1	R			
2	I			
3		A		
4		R		
5				R

Type of Emphases:

- **(I)ntroduce:** Students will be introduced to the skill and their grasp of it assessed in the course.

* CBA Competency Goals can be found at the end of this document

- **(A)pply:** The course will not cover the skill. Students should have a high-level grasp of the skill and are required to apply it in the course.
- **(R)einforce:** Students should have an introductory-level grasp of the skill and the course will improve their mastery to a higher level.

Required Material

Textbook: We will use several sources: Olivier Blanchard (2017), *Macroeconomics*. 7th Edition. PEARSON Publishing (You may consider this your ‘textbook’). Two books for catching up on the material: David A. Moss (2014), *A Concise Guide to Macroeconomics*. Second Edition, Harvard Business Review Press and Robert J. Gordon (2014). *Macroeconomics*. Twelfth Edition. Pearson New International Edition, Essex, UK.

Additional Material: Supplementary material (Journal articles, videos, newspaper extracts etc.) will be made available as we go along.

E-Learning System: Moodle Learning Management System; occasionally we may use also MS Teams

Course Website : <http://moodle.ku.edu.kw>

Course Requirements and Policies

- **Individual Assignments:** There are in total 3 individual assignments. These individual assignments need to be submitted through **Moodle** by **9:00 AM** on the due days.
- **Term Paper:** You will write a short paper on a macroeconomic issue of your choice - approved by me - which can potentially be carried on into your master's thesis. The objective of writing the paper is for you to develop the writing skills needed to analyze and explain an applied, macroeconomic issue. The objective of the presentation is for you to develop effective oral communication skills by presenting your findings in a clear and compelling way to the class. Upon completing the paper and presentation, you will have acquired the skills to identify a research question, construct an economic hypothesis, apply the theory to the question, identify and describe the data that you would use to answer your question, and present your ideas in a way that keeps your audience engaged with you. Papers should be well written, on average 15 pages, double-spaced with normal margins and type face, excluding the title page and references. Your paper should have the following sections:
 1. An introduction that presents your issue and why this issue is important. Your introduction should be explicit and be clear about the issue you are addressing/question you are answering.
 2. A brief analysis of previous literature on the topic and a discussion of how your paper summarizes, criticizes and/or extends this body of knowledge.
 3. A description of the theory/model that applies to your question.
 4. A discussion of the data that you would use in an empirical analysis and an econometric specification, including a description of variables, why they belong in your model and the impact you expect the dependent variables to have on your independent variable. An original econometric analysis of data should be included.
 5. A brief conclusion that summarizes what you learned and areas for future research.
- **Participation:** The quality of our classroom discussions in large part depends on you and your preparation for class. Participation should include, among other things, (1) presenting case facts, (2) defining the problem, (3) exploring different alternatives, (4) persuasive, thoughtful, integrated analysis supported by the data given in the case, (5) Implementation plan for proposed actions. "Air time" is not nearly as important as meaningful analysis and recommendations supported by data. Remember, for most of these cases, there is no right or wrong answer.
- **Attendance and Participation:** Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). A copy of the student guide can be accessed online on: http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf This course has a significant seminar component and class participation is critical to the learning experience. Participation will be assessed in each class period. Your class participation and attendance will both contribute to your score of in-class performance.
- **Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on: http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable. If you have any questions about what constitutes “unauthorized assistance” please email me before the deliverable is submitted.
- **Writing Style:** Students must refer to MLA writing style for their assignments and report writing. Refer to the English Language Center for help.

Grading

The scores in this course will be the weighted average of the following items:

Weight	Description
10%	Attendance and Participation

30%	Individual Assignments
60%	Term Paper and Presentation
100%	TOTAL

Grade Distribution

Grade	Range
A	≥ 95
A-	≥ 90 and < 95
B+	≥ 87 and < 90
B	≥ 83 and < 87
B-	≥ 80 and < 83
C+	≥ 77 and < 80
C	≥ 73 and < 77
C-	≥ 70 and < 73
D+	≥ 65 and < 70
D	≥ 60 and < 65
F	< 60

Course Outline

Title	Topics	Week
Introduction	Macroeconomics Today - Macroeconomic Agents - Basic Concepts - Recent Macroeconomic Trends – Bibliographic Sources	Week 1
Short Run I: Markets for Goods and Services	The Composition of GDP - Demand for Goods - Determinants of Output and Expenditure	Week 2
Short Run II: Financial Markets	Demand for Money – Interest Rates – Liquidity Trap	Week 3
Short Run III: The IS-LM Model	Goods market and IS – Financial markets and LM – The IS-LM Model	Week 4
Medium Run I: Labor Market	Unemployment – Wage determination (real and monetary) – Natural Rate of Unemployment	Week 5
Medium Run II: Philips Curve	Inflation and expected inflation – The Philips Curve – Philips Curve and the Natural Rate of Unemployment	Week 6
Long Run I: Facts of Growth	Measuring the Standard of Living – Growth empirics - Convergence	Week 7
Long Run II: Savings and Capital Accumulation	Output and Capital – Saving Rates and Capital Accumulation – Human Capital and Growth	Week 8
Long Run III: Technological Progress	The Determinants of TP – TP and Growth – Institutions, TP, and Growth	Week 9
Expectations	Rational expectations – Expectations, output, consumption and investment	Week 10
The Open Macroeconomy	Openness of National Economies – Exchange Rates, Interest Rates and Output	Week 11
Policy and Policy Makers	Uncertainty and Policy – Expectations and Policy – Politics and Policy	Week 12
Review	Topics from the taught material will be presented and discussed	Week 13

Important Dates

Date	Event
Sept 26 th , 2022	First day of the course
Dec 12 th , 2022	Paper submission
Dec 19 th , 2022	Last day of the course and paper presentation

Master of Economics Competency Goals:

1. Global Economic Competency: Our students should demonstrate expertise in applying core economic theories to solve global and complex economic problems.

Student Learning Objectives:

- 1.1 Acquire a deep understanding of how markets and economies operate
- 1.2 Apply micro/macro-economic theories to solve complex economic problems.

1.3 Analyze in depth the impact of alternative regulatory activities in individual markets and their effect on the welfare of the population

1.4 Recognize that although economists address economic problems with a common approach, the science is ever changing, and one's approach must be regularly evaluated and updated.

2. Quantitative Reasoning Skills: Our students should acquire sufficient mathematical and statistical skills to be able to analyze economic problems and to make use of those skills in their future careers

Student Learning Objectives:

2.1 Understand how to collect and use empirical evidence to evaluate economic argument.

2.2 Conduct appropriate statistical analysis of data using appropriate econometric techniques and explain the statistical problems involved.

2.3 Interpret statistical results and understand the limitations of the analysis.

3. Ethical Reasoning Skills: Our students should learn to recognize different value judgments and ethical stances in economic arguments

Student Learning Objectives:

3.1 Evaluate economics decisions within an ethical framework.

3.2 Understand the ethical dimension of assumptions in arguments.

4. Communication Skills: Our students will demonstrate advanced communication skills in a variety of business settings.

Student Learning Objectives:

4.1 Deliver clear, concise, and persuasive presentations.

4.2 Write clear, concise, and persuasive business documents.