**Kuwait University**

**College of Business Administration**

**Master of Economics Program**

Course Syllabus

Econ 503 – Applied Macroeconomic Theory

Prof. Mohammad Alawin

**Lecture Time and Location**

**ECON 501**: Tue. 5:00 PM – 8:00 PM, C3-room 1003

**Contact Information**

**Location**: Economics Department – 3rd Floor – Office No. 1016

**Email**: mohammad.alawin@kw.edu.kw

m\_alawin@hotmail.com

**Office Hours**: Sun., Tue., and Thur. 4:00 PM – 5:00 PM or by email appointment.

**Teaching Assistant**

**Name**:

**Location**:

**Email:**

**Office Hours**:

**Tutorial**:

**Course Description:**

This course has two main parts. Part I is an empirical application that includes topics like: the expectations-augmented Phillips curve, estimation of a two-equation macro model with rational expectations, and applications of parameter estimation in structural and reduced form equations of small macro-econometric models. On the other hand, part II will include topics and applications to the Kuwaiti Economy like: current goals and instruments of macro-economic policy in Kuwait, Kuwait’s recent macroeconomic performance and the macroeconomic reform, and the Kuwait Financial system.

**Course Learning Outcomes:**

Upon successful completion of the course, students are expected to:

1. Analyze policies related to the macroeconomic level.
2. Analyze the economic effects of government policies and identify and interpret key leading and lagging economic indicators.
3. Understand the issue of forecasting inflation and the importance of its accuracy.
4. Presenting a research paper in one of the macroeconomic fields making sure that all elements of the research are covered.

# CLO Mapping to CBA Skill Based Competency Goals[[1]](#footnote-1)

|  |  |
| --- | --- |
| CLO | Competency Goal |
| Economics Theory | Quantitative Reasoning | Critical Thinking | Communication |
| 1 | R |  |  |  |
| 2 | R |  | I |  |
| 3 |  | I |  |  |
| 4 |  |  |  | A |

# Type of Emphases:

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

(1) [Bruce Champ](https://www.amazon.com/Bruce-Champ/e/B001IU4X7C/ref%3Ddp_byline_cont_book_1), [Scott Freeman](https://www.amazon.com/s/ref%3Ddp_byline_sr_book_2?ie=UTF8&field-author=Scott+Freeman&text=Scott+Freeman&sort=relevancerank&search-alias=books), and [Joseph Haslag](https://www.amazon.com/s/ref%3Ddp_byline_sr_book_3?ie=UTF8&field-author=Joseph+Haslag&text=Joseph+Haslag&sort=relevancerank&search-alias=books) (2016). Modeling Monetary Economies 4th Edition. Cambridge University Press.

(2) [Gregory Mankiw](https://www.amazon.com/N-Gregory-Mankiw/e/B001H6Q104/ref%3Ddp_byline_cont_book_1) “Macroeconomics”, Tenth Edition, 2018, Worth Publishers

In addition, a number of papers and articles will be provided in the class to cover different topics.

**Additional Material** :

**E-Learning System** :

**Course Website** :

**Course Requirements and Policies:**

**Presentations:** There will be a class presentation. A student should be fully understood what to present and be ready for discussions after the presentation. The presented material should be also well written.

**Homework:** There will be a number of homework. Some of the end chapter’s exercises will be solved at class. But you will be required to solve the rest of them.

**In-Class Tests:** There will be two exams (one midterm and the final). The dates of the exams and the material to be covered by each exam will be arranged in the class.

**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.

**Class Preparation:** It is very important that students are prepared for each class period. For each class, there will be a required reading (case or chapter course pack).

**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

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 is 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 e-mail me before the deliverable is submitted.

**Writing Style:** Students must refer to APA writing style for any of their homework or 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** |
| 25% | Quizzes + assignments + presentations |
| 30% | Mid-term exam  |
| 45% | Final Exam |
| 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:**

|  |
| --- |
| Topics |
| Modeling the Economy through an Overlapping Generation Model  |
| Modeling Inflation |
| Price Surprises |
| The relationship between Money, inflation and Output: Empirical Evidence |
| The Anticipated Future Budget Deficits and the Term Structure of Interest Rates |
| The Accuracy of Household Inflation Forecasts |
| Government Deficit and the national Debt |

# Important Dates

|  |  |
| --- | --- |
| Date | Event |
| Oct. 20th, 2022 | Last day to drop a course |
| Dec. 22nd, 2022 | Last day of classes |
| To be determined … | Mid-term exam |
| To be determined … | Final Exam |

**Master of Economics Competency Goals:**

1. **Economic Theory:** 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.

1. **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.

1. **Critical Thinking Skills:** Our students should demonstrate the ability to be critical thinkers when conducting qualitative and quantitative economic analysis.

**Student Learning Objectives:**

3.1 Creating abstract models of complex socio-economic systems

3.2 Drawing conclusions and policy prescriptions while critically evaluating them

3.3 Distinguish between causal relationships and spurious correlations

1. **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.

1. CBA Competency Goals can be found at the end of this document [↑](#footnote-ref-1)