



Lahore University of Management Sciences

Econ 121 – Principles of Macroeconomics Summer 2024

Instructor	Verda Arif
Room No.	155, Economics Department Academic Block, Wing A
Office Hours	TBA
Email	verda.arif@lums.edu.pk
Telephone	-
Secretary/TA	TBA
TA Office Hours	TBA
Course URL (if any)	-
Support Services	LUMS offers a range of academic and other services to support students. These are mentioned below, and you are encouraged to use these in addition to in-class assistance from course staff. For a complete list of campus support services available for you click here (https://advising.lums.edu.pk/#supportservices)

Course Basics				
Credit Hours	4			
Lecture(s)	Nbr of Lec(s) Per Week	4	Duration	120 minutes
Recitation/Lab (per week)	Nbr of Lec(s) Per Week	1, part of weekly Thursday's lecture	Duration	60 minutes
Tutorial (per week)	Nbr of Lec(s) Per Week	-	Duration	-

Course Distribution	
Core	Yes
Elective	
Open for Student Category	Freshmen/MSc 2-year
Close for Student Category	

COURSE DESCRIPTION
<p>Overall Theme</p> <p>To provide the students with an introduction to the basic macroeconomic principles; to enable students to appreciate the workings of real (labour and goods) and asset/money markets and the nature of equilibrium in each market; to emphasize the role of macroeconomic policies that affect internal and external deficits, inflation and growth of per capita income. Throughout the course a focus will be on 'critical thinking' to analyze macroeconomic problems.</p> <p>Focus areas</p> <p>The major areas of focus will be the inputs market, goods market, money/asset market, and economic growth. Business cycles will also be discussed and linked to macroeconomic policy debate issues of 'active' versus 'passive' and 'rules' versus discretion. The equilibrium IS-LM, AD-AS model will be covered with some basic applications, providing a smooth transition to Intermediate Macroeconomics.</p> <p>The course is pitched at the core principles level so is based on the understanding that students have at least attained the some basic macroeconomics knowledge equivalent to that covered in any primary Economics course.</p> <p>Upon completion of the course it is expected that students should be able to:</p> <ul style="list-style-type: none">(a) understand the structure of the economy and theories of macroeconomics at a level appropriate for a first year economics graduate;(b) understand the key links between the goods market, input markets and money markets.(c) understand the macroeconomic models underlying the goods, input and money market, as well as the IS-LM, AD-AS framework.

COURSE PREREQUISITE(S)



Lahore University of Management Sciences

•	Principles of Economics
---	-------------------------

COURSE OBJECTIVES

•	The purpose of this course is to provide students with a thorough understanding of core concepts and methods of macroeconomics as a foundation for subsequent study of macroeconomic topics within the degree programme and as one of the key elements in the professional training of an economist. The techniques will heavily rely on concept building and igniting critical and analytical reasoning. The course will use microeconomic models of utility maximization, profit maximization, and welfare maximization from an individual perspective and then build to develop macro-models using the assumption of aggregation.
---	--

Learning Outcomes

• • •	Critical thinking – analyzes information; utilizes logic and microeconomic models; recognizes patterns and rationality to form optimizing conclusions; recognizes and evaluates assumptions, and supports arguments. Literature research skills – doing independent research/use of available literature to synthesize information into a coherent whole. Global Awareness – understands the global environment in which economies operate.
-------------	---

Grading Breakup and Policy

Assignment(s):

Home Work:

Quiz(s): **4 – Quizzes (15% each announced, 60% in total)- No N-1 policy.**

Quiz 1: 3rd June 2024

Quiz 2: 10th/17th June 2024 (depending on Eid break)

Quiz 3: 24th June 2024

Quiz 4: 1st July 2024

Class Participation:

Attendance:

Midterm Examination:

Project:

Final Examination: **1- Final exam (40%)**

11th July 2024

Examination Detail

Midterm Exam	Yes/No: No Combine Separate: Duration: Preferred Date: Exam Specifications:
Final Exam	Yes/No: Yes Combine Separate: Duration: Exam Specifications:



Lahore University of Management Sciences

Campus supports & Key university policies

Campus Supports

Students are strongly encouraged to meet course instructors and TA's during office hours for assistance in course-content, understand the course's expectations from enrolled students, etc. Beyond the course, students are also encouraged to use a variety of other resources. (Instructors are also encouraged to refer students to these resources when needed.) These resources include Counseling and Psychological Services/CAPS (for mental health), LUMS Medical Center/LMC (for physical health), Office of Accessibility & Inclusion/ OAI (for long-term disabilities), advising staff dedicated to supporting and guiding students in each school, online resources (<https://advising.lums.edu.pk/advising-resources>), etc. To view all support services, their specific role as well as contact information click [here](https://advising.lums.edu.pk/#supportservices) (<https://advising.lums.edu.pk/#supportservices>).

Academic Honesty/Plagiarism

LUMS has zero tolerance for academic dishonesty. Students are responsible for upholding academic integrity. If unsure, refer to the student handbook and consult with instructors/teaching assistants. To check for plagiarism before essay submission, use similarity@lums.edu.pk. Consult the following resources: 1) Academic and Intellectual Integrity (<http://surl.li/gpvwb>), and 2) Understanding and Avoiding Plagiarism (<http://surl.li/gpvwo>).

LUMS Academic Accommodations/ Petitions policy

Long-term medical conditions are accommodated through the Office of Accessibility & Inclusion (OAI). Short-term emergencies that impact studies are either handled by the course instructor or Student Support Services (SSS). For more information, please see Missed Instrument or 'Petition' FAQs for students and faculty (<https://rb.gv/8si1h>)

LUMS Sexual Harassment Policy

LUMS and this class are a harassment-free zone. No behavior that makes someone uncomfortable or negatively impacts the class or individual's potential will be tolerated.

To report sexual harassment experienced or observed in class, please contact me. For further support or to file a complaint, contact OAI at oai@lums.edu.pk or harassment@lums.edu.pk. You may choose to file an informal or formal complaint to put an end to the offending behavior. You can also call their Anti-Harassment helpline at 042-35608877 for advice or concerns. *For more information: Harassment, Bullying & Other Interpersonal Misconduct: Presentation* (<http://surl.li/qpvwt>)

COURSE OVERVIEW

Week/ Lecture/ Module	Topics	Recommended Readings	Objectives/ Application
1	Measurement and Structure of the National Economy Measuring the Cost of Living	Mankiw and Abel Bernanke, Lecture Notes	<ul style="list-style-type: none"> • Introduction • National Income Accounting: The Measurement of Production, Income, and Expenditure • Gross Domestic Product • Detailed analysis of its components: Keynesian cross • Saving and Wealth



Lahore University of Management Sciences

			<ul style="list-style-type: none"> • Multiplier and different taxes • Real GDP, Chained GDP Price Indexes, and Inflation • Interest Rates
2	<p>Consumption, Saving, and Investment</p> <p>Saving and Investment in the Open Economy</p>	Mankiw and Abel Bernanke, Lecture Notes	<ul style="list-style-type: none"> • Consumption and Saving • Goods Market Equilibrium • Balance of Payments Accounting • Goods Market Equilibrium in an Open Economy • Saving and Investment in Large and Small Open Economies • Fiscal Policy and the Current Account • Open economics macroeconomics models
3	The Asset Market, Money and Prices	Mankiw and Abel Bernanke, Lecture Notes	<ul style="list-style-type: none"> • Definition of Money • Portfolio Allocation and the Demand for Assets • The Demand for Money • Asset Market Equilibrium • Money Growth and Inflation • Money multiplies and liquidity theories
4	The IS-LM framework	Mankiw and Abel Bernanke, Lecture Notes	<ul style="list-style-type: none"> • The FE Line: Equilibrium in the Labour Market • The IS Curve: Equilibrium in the Goods Market • The LM Curve: Asset Market Equilibrium • General Equilibrium in the Complete IS-LM Model • Price Adjustment and the Attainment of General Equilibrium
5,6	The AD-AS framework	Mankiw and Abel Bernanke, Lecture Notes	<ul style="list-style-type: none"> • Aggregate Demand and Aggregate Supply • Applications of AD/AS and IS-LM models



Lahore University of Management Sciences

			<ul style="list-style-type: none">• Aggregate supply models in the short run• Phillips curve• Deflation path• Cost of deflation and inflation policy
--	--	--	---

Textbook(s)/Supplementary Readings

Mankiw N. G. , Principles of Macroeconomics, 5th Edition or earlier versions, Worth (MK)
Abel Andrew B. & Bernanke Ben S, **Macroeconomics, 5th Edition**, Addison Wesley (AB)