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**COURSE OUTLINE**

**ECF 110: INTRODUCTION TO MACROECONOMIC**

**Background and Rationale**

This course is designed to introduce students to the foundations of macroeconomics and also lay a foundation for advanced macroeconomics courses. The focus is on availing students with knowledge on how the national and international economy as a whole functions to ensure stability and growth. The course tries to introduce the students to all the relevant major topics in macroeconomics such as national income determination, financial markets and institutions, unemployment, international economics, public finance and so forth.

**Learning Outcomes**

By the end of this course students are expected to:

* Demonstrate an understanding of basic macroeconomic principles and concepts.
* Ability to comprehend macroeconomic variables relationships and therefore, the mechanism of how change in one macroeconomic variable affects other variables.
* Demonstrate the foundation necessary for the study of intermediate macroeconomic courses.

**Course Content**

**UNIT.1 Macroeconomics Defined**

* Basic Definitions
* Nature and scope of macroeconomics

**UNIT.2 National Income**

* Factor Markets and their Prices
* Circular Flow.
* National Income Measurement-GDP, GNP,NNP
* Real vs. nominal – price indices
* Determinants of national income; income and expenditure model (Keynes in his simplest form).

**UNIT.3 Government Sector**

* Public Finance.
* The budgeting and the budget system.
* Fiscal Policy.

**UNIT.4 Monetary Sector**

* Money
* Definition, Types, Functions
* Money Demand and Supply
* Interest rates determination
* Exchange Rates
* Financial Institutions
* Types of Financial Institutions
* Functions of F.I
* Banking System-money creation
* The Central Bank.
* Structure of Central Bank
* Functions of Central Bank
* Monetary Tools (Open Market Operations, Discount Rate etc)

**UNIT.5 Labour Markets and Unemployment**

* Definitions
* Labour demand and supply
* Types of unemployment
* Causes of unemployment
* Measures to curb unemployment
* Effects of Unemployment.

**UNIT.6 Inflation**

* Definitions, measurement and types
* Sources of Inflation
* Monetary Growth
* Excess Demand
* Relative Price Shocks
* Wage Price Spiral
* Measures to curb Inflation
* Effects of Inflation
* Inflation Expectations

**UNIT.7 International Markets**

* Trade
* The role of trade in economic develop
* Free Trade and Protection
* The new trading environment
* Balance of Payments
* Monetary Policy in an Open Economy
* Fiscal Policy in an Open Economy Gains from trade

**Method of Teaching**

Four contact hours consisting of three lectures and one tutorial

**Course Assessment**

Continuous Assessment 30 %

* One assignments 10 %
* One test 20 %

Final Examination 70 %

**Prescribed Textbooks**

1. S. Fischer and R. Dornbusch. Economics. (7th Edition). London: MaGraw-Hill, 2003.

**Recommended Reading**

1. Hardwick, P. B. Khan and J. Langmead. Introduction to Modern Economics. London: Longman, 2006.
2. Mankiw, G.N. Macroeconomics. 5th Edition. New York: Worth Publishers

**LECTURER: MR NOTULU**