NEAR EAST UNIVERSITY
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES

ECON 202-MACROECONOMICS
2006-2007 SPRING SEMESTER COURSE OUTLINE

Classroom: Faculty Building, R 1  
Course Schedule: Tue-Thu.09,30-11,30

Instructor: Assoc. Prof. Dr. Erdal Güryay  
Office Hours: Tuesday and Thursday, 06:00–17:00, BA Building, 2nd Floor  
Tel: 2236464 (Ext. 272)  
E-mail: eguryay@neu.edu.tr


Prerequisites: Econ 201  
Semester: 4 (2th year)  
Course credit: 3

Language of Education: English  
Type of Course: Core  
Level of Course: Undergraduate

Course Description
Introduction of the economy as a whole including such topics as economic organization, national income accounting, economic growth and fluctuations, inflation, labor market, money and monetary policy, government and public economy, international trade. Course covers the use of theoretical tools to explain the determinants and measurements of the level and change in aggregate macroeconomic variables. One of the goals of this course is to provide a basic knowledge of most important macro economic theories (Keynesian and classical approaches examined).

Course Objectives
1. To introduce students to intermediate macroeconomic concepts and ideas.
2. To promote critical thinking in areas of macroeconomic theory and policy.
3. To understand macroeconomic variables and interpret them.
4. To understand the role of government in economy.
5. To evaluate impact of policies on economy.

**Learning Objectives**

1. Major macroeconomic issues—growth, business cycles, unemployment, inflation, the international economy, macroeconomic policy, aggregation. What macroeconomists do—forecasting, analysis, research, data development. Why macroeconomists disagree—classicals vs. Keynesians;

2. National income accounts; relationships among key macroeconomic variables
   - Gross domestic product—the main measure of output
   - Saving and wealth—private and government
   - Real GDP, price indexes, and inflation. Interest rates.

3. Analyze factors that affect the longer-term performance of the economy. Develop a theoretical model of the macroeconomy.

4. Examine the factors that underlie economywide demand for goods and services. Real interest rate plays key role in bringing goods market to equilibrium.

5. The fundamental determinants of a country’s trade position are its saving and investment decisions.

6. Identify forces that determine the growth rate of an economy. Examine policies governments may use to influence the rate of growth.

7. What money is and why people hold it. Asset market. The price level is related to the level of the money supply.

8. What causes business cycles? How should policymakers respond to cyclical fluctuations?

9. Combine the labor market, the goods market, and the asset market into a complete macroeconomic model (for a closed economy). IS-LM model. Examine the relationship between money and the business cycle.

10. Present the central ideas of Keynesian and Classical macroeconomics.

11. How macroeconomic policy works and how it can best be used


**Learning Outcomes**

At the end of the course, students will be able to:

1. Analyze macroeconomic outcomes.

2. Identify and describe the major institutions through which macroeconomic policies are implemented.
3. Explain and manipulate the AD/AS and IS/LM models.

4. Describe causes and results of Business Cycles.

5. Understand how the internationalization of economy has changed the outcomes.

6. Understand how external developments can affect domestic economy.

7. Perform basic mathematics operation in economic analysis.

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### Tentative Syllabus

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<th>Chapter</th>
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<td>The Measurement and Structure of the National Economy</td>
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<td>The IS-LM/AD-AS Model: A Framework for Macro Analysis</td>
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<td>Classical Business Cycle: Market-Clearing Macroeconomics</td>
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<td>Keynesianism: The Macroeconomics of Wage and Price Rigidity</td>
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<td>Exchange Rates, Business Cycles, Policy in the Open Economy</td>
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### Course Assessment

Grades in this course will be assigned according to the following criteria:

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<tr>
<th>Component</th>
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<tr>
<td>Mid-term Examination</td>
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<td>Final Examination</td>
<td>40%</td>
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<td>Quiz</td>
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<td>Class Participation &amp; Attendance</td>
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<td><strong>Total</strong></td>
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### Course Requirements and Policies

Participation in class discussions is stiffly encouraged and considered as potential bonus points. Please make sure that you attend the courses in which quizzes will be held, as missing a quiz would mean missing the assigned points for that quiz.