**MAKERERE UNIVERSITY BUSINESS SCHOOL**

**FACULTY OF ENERGY, ECONOMICS AND MANAGEMENT SCIENCE, DEPATMENT OF ECONOMICS**

**SEMESTER II, ACADEMIC YEAR 2023/ 2024**

 **COURSE OUTLINE**

Program: **BACHELOR OF LEADERSHIP AND GOVERNANCE**

Year of study: I

Course: Macroeconomics

Course Code: FIN 1212

Contact hours per week: 4

Lecturers: 1. Dr. Olyanga Anthony Moni Tel: 0776506998/ 0704901219 email: aolyanga@mubs.ac.ug

 2. MUHANGI PASCAL Tel: 0779520786

**Introduction to the course**

This is an introductory course in Macroeconomic theory. The course gives a foundation in Macroeconomics to students pursuing any business related discipline. It deals with principles of economics that apply to an economy as a whole, particularly; national income, inflation, exchange rates, monetary and fiscal policy as well as economic growth and international trade.

**Learning Objectives**

By the end of this course, the participating students should:

* Be able to define microeconomics and distinguish it from macroeconomics
* Demonstrate knowledge on macroeconomics objectives, goals and problems
* Have knowledge of the role of macroeconomics in the economy, especially the sectors and markets;
* Discuss the different views and schools of thought in macroeconomics
* Demonstrate understanding of the macroeconomics in policy making and evaluation;
* Explain how macroeconomic analytical tools are manipulated to influence stability of the economy

**Learning outcomes**

By the end of the course, the learner should be able to

1. Review and describe the concepts and theories relating to macroeconomics
2. Use a range of simple mathematical techniques of economic analysis in problem solving e.g. in calculating equilibrium price and quantity, market imbalances etc.
3. Demonstrate the usefulness of national income statistics in national planning.
4. Explain the effects of a number of policy interventions on the working of the economy
5. Explain the working of different markets i.e. money market, labour market, capital market etc in an economy in order to advise on the best interventions for their improvement, problem solving and smooth running of the economy
6. Transfer and apply new knowledge and involve in a critical debate about the influence of macroeconomics on the working of the economy

**Attendance**

Students are supposed to attend classes for at least 75% of all the lectures conducted during the semester.

**Assessment**

Test I 15%

Test II 15%

Final Examination 70%

Final Mark 100%

**Method of Instruction**

* Straight Lecture Method/ On-line lecturers
* Group discussions
* In- class Presentations
* Assignments

**Reference**

Baumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed, Cengage South-Western Publishers

Libby Rittenberg and Timothy Tregarthen (2009): Principles of Macroeconomics, Prentice Hall Publishers

Sachs D. J. & Felipe L. B. (1993) Macroeconomics in the Global Economy. Prentice Hall Inc.

**Course Content Outline**

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| --- | --- | --- | --- | --- | --- | --- |
| **Topic series No.** | **Topic** | **Sub-Topics** | **Time allocated** | **Teaching Method** | **Reference Materials** | **Lecturer** |
| 1 | **Introduction** | * What Economics and Macroeconomics is all about
* Issues of Macroeconomics and their interdependence: the business cycle
* Macroeconomic goals
 | 1 Weeks(4 hours) | * **Straight lectures**
* **Quizzes**
* **Assignment**
* **Group discussions**
 | **Main text**. Baumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed , Cengage South-Western PublishersReferenceGeorge B.N. Ayittey (2018). *Applied Economics for Africa;* Published by Atlas Network. | Muhangi |
| 2 | **Measurement of Economic Performance**  | * National Income Accounts
* Measurement of national income
* Circular flow of income and expenditure
* Gross Domestic Product and its components
* Real versus Nominal GDP
* Consumption, savings and investment
* Classical theory of income determination
* Keynesian theory of income determination
* Sectors of an economy
* Two Sectors,
* Three Sector and
* Open Economy
* Aggregate demand and supply - Inflationary and deflationary gaps
* Macroeconomic equilibrium
* Multiplier theory
 | 3 weeks(12 hours) | * **Straight lectures**
* **Quizzes**
* **Assignment**
 | **Main Text**Baumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed , Cengage South-Western PublishersReferenceGeorge B.N. Ayittey (2018). *Applied Economics for Africa;* Published by Atlas Network. | Muhangi |
| **\*** | CW Test One | CW test 1 will be administered over the weekends of 04th& 05th Mar. 2019 and 111tht& 12th Mart. 2019 | I hour | Invigilated test | Tests venues, time and invigilators are indicated on CW Timetable |  |
| 3 | **Inflation**  | * Causes, measurement and adjustment of inflation
* Nominal versus Real values of inflation
* Price indices
* Costs and remedies of inflation
* The Philips curve model
* Inflation in your country, and how it affects businesses
 | 2 weeks(8 hours) | * Straight lectures
* Quizzes
* Assignments
* Group discussions
 | Main TextBaumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed , Cengage South-Western PublishersReferenceGeorge B.N. Ayittey (2018). *Applied Economics for Africa;* Published by Atlas Network. | Muhangi |
| 4 | **Unemployment and the labour market** | * Definition and measurement of unemployment
* Types of unemployment
* The demand for, and supply of labour
* Neoclassical labour market equilibrium
 | 2 weeks(8 hours) | * **Straight lectures**
* **Quizzes**
* **Assignment**
* **Group discussions**
 | Main TextBaumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed , Cengage South-Western Publishers | Olyanga |
| \* | CW Test Two | CW test 2 will be administered over the Weekends of 22nd& 23rdOct. 2016 and 29st& 30th Oct. 2016 | I hour | Invigilated test | Tests venues, time and invigilators are indicated on CW Timetable |  |
| 5 | **Financial sector**  | * Money, banking and financial markets
* Definition of financial assets; money, stocks, and bonds
* Qualities and functions of money
* The quantity theory of money
* Money demand and supply
* The role of the central bank
* The role of commercial banks and other financial intermediaries
* Credit creation
* Fiscal and monetary policies
 | 2 weeks(8 hours) | * Brain storming
* Q&A
* Group discussion
* Research
* presentation
 | Main TextKoutsoyiannis A (1979), Modern Microeconomics, 2nd Ed Macmillan Publishers LTD, London ReferencesKumar R and Gupta K (2006), Business Baumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed , Cengage South-Western Publishers Economics, UDH Publishers and Distributors, India. | Olyanga |
| 6 | **Open Economy: Trade and Finance** | * Absolute and Comparative advantage
* The general theory of trade
* Balance of Payments Accounts
* Foreign exchange markets
* Devaluation
* Currency depreciation and appreciation
* Net exports and capital flow
* Trade policies
 | 2 weeks(8 hours) | * **Straight lectures**
* **Quizzes**
* **Assignment**
* **presentation**
 | Main textBaumol W.J. & Blinder A.S. (2011) *Economics; Principles and Policy*, 12th Ed , Cengage South-Western PublishersReferenceGeorge B.N. Ayittey (2018). *Applied Economics for Africa;* Published by Atlas Network. | Olyanga |
| 7 | **Revision and discussions** |  | 1 week(4 hours) | * Group discussions
* Presentations
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Prepared by Approved by

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Internal Examiner HOD