



# University of Management and Technology

## **Dr Hasan Murad School of Management (HSM)**

Course Title: --Topics in Advanced Macroeconomics---  
Course Code: ---EC 705--  
Resource Person: -----  
Department: ----Economics -----

### **HSM Vision**

HSM envisions its success in the sustainable contribution that it will make to the industry, academia and research in public and private sector. HSM will lead by providing professionally competent and ethically conscious human resources engaged in the global and local context to foster socio-economic growth and sustainability for the society. HSM envisages having faculty with high research potential and a deep desire for cutting edge research including collaboration with national and international partners.

### **HSM Mission**

Being a research-oriented and student-centric business school, we emphasize research publications in impact journals as well as state-of -the-art learning methodologies. We will prepare our students to become the future ethical business leaders and the guiding post for the society, while equipping them with the knowledge and skills required by world-class professionals. We will be the leading choice for organizations seeking highly talented human resource. HSM will foster internationalization with key stakeholders and actively work to exchange best practices with business schools across Pakistan through collaborations, workshops, conferences and other means.

### **Program Objectives**

The main objective of the program is to develop knowledge and skills of the participants. This program has been designed for students who, after completing a research degree in the area of economics aspire to focus upon market-driven educational program that would lead to lucrative careers. The program is a blend of theory, quantitative analysis, research and applied areas in economics. Thus prepares students to pursue advanced research degrees.

## **Course Description**

This course explores advanced contemporary topics in macroeconomics such as macroeconomic dynamics, consumption, saving, investment, and unemployment behavior. The course will discuss theoretical as well as empirical part of macroeconomics. On the theory side, the course focuses on models of consumption-savings decisions by households, and investment decisions by firms. It will also highlight the evolution of modern macroeconomics. The question like how do monetary and fiscal policies affect on output, unemployment, inflation, and growth is also to be addressed. Moreover, it covers contemporary mathematical methods as they apply to core subjects of macroeconomics.

## **Learning Objectives**

The objectives of the course are:

- To enhance the macroeconomic knowledge of students and to improve their techniques of decision making.
- To comprehend models of consumption and investment from theoretical and empirical perspective.
- To be able to understand the dynamics of unemployment.
- To familiarize students with the role of monetary policy.
- To enable students to know the modalities of fiscal policy and its impact on output, unemployment and inflation in the economy.

## **Learning Outcomes**

After the successful completion of the advanced macroeconomics course students are able to:

- **Analyze** and evaluate the most fundamental variables of macroeconomics.
- **Comprehend** models of consumption, investment and unemployment.
- **Answer** about the critical factors determining the behavior of the economy.
- **Design** a theoretical framework or empirical model for their own research

## **Teaching Methodology**

Interactive Classes  
Research based teaching  
Assignments

Class activities

Experiential Learning  
Term Paper  
Presentation

**STUDENTS ARE REQUIRED TO READ AND UNDERSTAND ALL ITEMS OUTLINED IN THE PARTICIPANT HANDBOOK**

## **Class Policy:-**

- **Be On Time**  
You need to be in class at the assigned time. After 10 minutes of the assigned time of the class, you will be marked absent.
- **Mobile Policy**  
**TURN OFF YOUR MOBILE PHONE!** It is unprofessional to be texting or otherwise.
- **Email Policy**  
**READ YOUR EMAILS/MESSAGE THROUGH LMS!** You are responsible if you miss a deadline because you did not read your email/message. Participants should regularly check their university emails accounts or message in moodle and respond accordingly.
- **Class Attendance Policy**  
A minimum of 80% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. You have the opportunity to use 6 absences out of 30 classes. Participants with less than 80% of attendance in a course will be given grade 'SA'. International students who will be leaving for visa during semester should not use any days off except for visa trip. Otherwise they could reach short attendance.
- **Withdraw Policy**  
Students may withdraw from a course till the end of the 12th week of the semester. Consequently, grade W will be awarded to the student which shall have no impact on the calculation of the GPA of the student. A Student withdrawing after the 12th week shall be automatically awarded "F" grade which shall count in the GPA.
- **Moodle**  
UMT –LMS (Moodle) is an Open Source Course Management System (CMS), also known as a learning Management System (LMS). Participants should regularly visit the course website on MOODLE Course Management system, and fully benefit from its capabilities. If you are facing any problem using moodle, visit <http://oit.umd.edu.pk/moodle>. For further query send your queries to [moodle@umd.edu.pk](mailto:moodle@umd.edu.pk)
- **Harassment Policy**  
Sexual or any other harassment is prohibited and is constituted as punishable offence. Sexual or any other harassment of any participant will not be tolerated. All actions categorized as sexual or any other harassment when done physically or verbally would also be considered as sexual harassment when done using electronic media such as computers, mobiles, internet, emails etc.
- **Use of Unfair Means/Honesty Policy**  
Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.
- **Plagiarism Policy**  
All students are required to attach a "Turnitin" report on every assignment, big or small. Any student who attempts to bypass "Turnitin" will receive "F" grade which will count towards

the CGPA. The participants submit the plagiarism report to the resource person with every assignment, report, project, thesis etc. If student attempts to cheat “Turnitin”, he/she will receive a second “F” that will count towards the CGPA. There are special rules on plagiarism for final reports etc. all outlined in your handbook.

- **Communication of Results**

The results of quizzes, midterms and assignments are communicated to the participants during the semester and answer books are returned to them. It is the responsibility of the course instructor to keep the participants informed about his/her progress during the semester. The course instructor will inform a participant at least one week before the final examination related to his or her performance in the course.

### Course Outline

Course code.....EC 705.....

Course title: Topics in Advanced Macroeconomics

Program	PhD in Economics
Credit Hours	3
Duration	15 Weeks
Prerequisites (If any)	Macroeconomic Theory
Resource Person Name and Email	
Counseling Timing (Room# ]	
Contact no.	NA
Web Links:- (Face book, Linked In, Google Groups, Other platforms)	

**Chairman/Director Programme signature.....Date.....**

**Dean’s signature.....Date.....**

## **Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Articles/Presentation	10
Assignments	05
Term Paper	10
Mid Term	25
Final exam	50
Total	100

### **Suggested Readings:**

#### **Consumption and Savings**

David Romer (2011): “Advanced Macroeconomics”, Chapter 8.

Deaton, Angus (1992): “Understanding Consumption”, Oxford University Press.

Ljungqvist, Lars and Thomas Sargent (2014): “Recursive Macroeconomic Theory”, Chapters 8, 17, 18. •

David Romer (2011): “Advanced Macroeconomics”, Chapter 8.

Branson, William (1997). Macroeconomics: Theory and Policy, Addison Wesley.

#### **Investment**

David Romer (2011): “Advanced Macroeconomics”, Chapter 9.

Stockey, Nancy (2008): “The economics of inaction”, Princeton University Press.

Dixit, Avinash and Robert Pindyck (1994) “Investment Under Uncertainty”, Princeton University Press.

#### **Macroeconomic history**

Acemoglu, D., Simon Johnson, and James Robinson. 2005. “The Rise of Europe: Atlantic Trade, Institutional Change, and Economic Growth,” *American Economic Review*, 95:547–579 •

Atkinson, Anthony, Thomas Piketty and Emmanuel Saez. 2011. “Top Incomes in the Long Run of History,” *Journal of Economic Literature*, 3-71.

Bernanke, Ben. 1995. “The Macroeconomics of the Great Depression: A Comparative Approach,” *Journal of Money, Credit and Banking*, 1–28

Fuchs-Schündeln, Nicola and Tarek Hassan. 2016. “Natural Experiments in Macroeconomics,” in: John B. Taylor and Harald Uhlig, *Handbook of Macroeconomics*, 923-1012

North, Douglas and Robert Paul Thomas. 1970. “An Economic Theory of the Growth of the Western World,” *Economic History Review*, 1–17

Tabellini, Guido. 2010. "Culture and Institutions: Economic Development in the Regions of Europe," *Journal of the European Economic Association*, 677–716

Temin, Peter, and Barry Wigmore. 1990. "The End of One Big Deflation," *Explorations in Economic History*, 483-502.

### **The effects of Macroeconomic Policies**

David Romer (2011): "Advanced Macroeconomics", Chapter 10,11.

Jiménez, Gabriel, Steven Ongena, José-Luis Peydró and Jesús Saurina. 2012. "Credit Supply and Monetary Policy: Identifying the Bank Balance-Sheet Channel with Loan Applications," *American Economic Review*, 2301-26.

Jordà, Òscar, Moritz Schularick and Alan Taylor. 2017. "The Large and State-Dependent Effects of Quasi-Random Monetary Experiments," NBER Working Paper No. 23074

Ramey, Valery. 2016. "Macroeconomic Shocks and Their Propagation," in: John B. Taylor and Harald Uhlig, *Handbook of Macroeconomics*, 71-162

Romer, Christina D. and David H. Romer. 2004. "A New Measure of Monetary Shocks: Derivation and Implications," *American Economic Review*, 1055–1084.

Romer, Christina D., and David H. Romer. 2010. "The Macroeconomic Effects of Tax Changes: Estimates Based on a New Measure of Fiscal Shocks," *American Economic Review*, 763–801

**Course: Advanced Macroeconomics****Course Code: E**

<b>Session No.</b>	<b>Topics to be covered in the course</b>	<b>Learning Objective of this topic</b>	<b>Expected Outcomes from Students</b>	<b>Teaching Method</b>	<b>Assessment Criteria</b>	<b>Deadlines &amp; Homework</b>
1	Consumption <ul style="list-style-type: none"> <li>Consumption Under Certainty: The Permanent Income Hypothesis</li> </ul> Conclusion	Understanding the consumption and savings and their determinants	Students will learn the modalities of consumption and savings	Lecture Class Discussion	Discussion Research Article	Within a Week
2-3	Consumption <ul style="list-style-type: none"> <li>Savings</li> <li>Understanding Estimated Consumption Functions: Empirical Applications</li> </ul> Conclusion	To comprehend the consumption and saving functions	Students will be able to grasp the knowledge on consumption and savings	Lecture Discussion on Research Articles	Assignment # 1 Research Article	Within a week
4 - 5	Consumption <ul style="list-style-type: none"> <li>Consumption under Uncertainty: The Random Walk Hypothesis</li> <li>Implications</li> </ul>	Understanding the consumption models	Students will be able to understand the models of consumption	Lecture Research Articles	Assignment # 2	Within a Week

	<ul style="list-style-type: none"> <li>• Empirical; Application: Two Tests of the Random Walk Hypothesis</li> <li>• The Interest Rate and Consumption Growth</li> </ul> <p>Conclusion</p>					
6-7-8	<p>Investment</p> <ul style="list-style-type: none"> <li>• Investment and the Cost of Capital</li> <li>• The User Cost of Capital</li> <li>• Difficulties with Baseline Model</li> <li>• A Model of Investment with adjustment costs</li> <li>• The continuous Time case</li> <li>• Tobin's q</li> </ul> <p>Conclusion</p>	Students will be able to comprehend the behavior of investment from theoretical perspective	To enable students to understand investment models from neoclassical point of view	Lecture Group Discussions	Assignment # 3 Research Article Presentation Announcement of Term Paper	Within a Week
9	MID TERM					
10	<p>Investment</p> <ul style="list-style-type: none"> <li>• Imperfections in Financial Market</li> <li>• Empirical Application: Cash Flow and Investment</li> </ul> <p>Conclusion</p>	To assist students to understand the role of uncertainty in investment and the characteristics of financial markets	Students will understand the fluctuations in investment due to uncertainty and the imperfections in the financial market	Class Discussion Research Article	Class Discussion	Within a Week



11-12	<p>Empirical Macroeconomics</p> <p>Macroeconomic history</p> <ul style="list-style-type: none"> <li>• a. Long-run growth</li> <li>• The 20th century</li> </ul> <p>Conclusion</p>	To make students learn about the history of macroeconomics	Students will understand the historical journey of growth	Class Discussion	Class Discussion Research Article	Within a Week
13-14	<p>The effects of Macroeconomic policies on the Economy</p> <ul style="list-style-type: none"> <li>• Monetary policy</li> <li>• Fiscal policy</li> </ul> <p>Conclusion</p>	To give the understanding of the impact of fiscal and monetary policies on the economy	Students will learn about the functioning of macroeconomic policies	Lecture Group Discussion Research Article	Assignment # 4  Presentation Submission of Term Paper	Within a Week
15	Revision	To re-cap all the basic concepts of the subjects	Students will be able to sum up the main concepts of advanced macroeconomics	Group Discussion	Presentation	
<b>End Term</b>						