



**Macroeconomics Theory (1) Syllabus**  
**Faculty of Economics and Administrative Sciences**  
**Department of Economics**  
**Fall Semester(2018-2019)**

***Instructor Information***

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***Course Identification***

Course Name Macroeconomic Theory(1)  
Course Number: 1802011202  
Section Number: 1  
Accredited Hours 3 credit hours  
Course Location: West Complex Nr. 304  
Lecture Time: 9:30 – 11:00  
Prerequisites: Principles of Macroeconomics 180205104  
FacultyWeb Page: <http://hu.edu.jo/fac/dept/>

***Course Description/Overview***

The purpose of this course is to introduce students with what is happening today and what will happen in the near future. Macroeconomics capitalizes on students' interest by beginning with business cycles and monetary-fiscal policy in both closed and open economy. After that, a unique dynamic analysis of demand and supply shocks as causes of inflation and unemployment, followed by a dual approach to economic growth in which theory and real-world examples are used to compare rich and poor countries.

***Course Learning Objectives***

**Knowledge transfer:**

Upon completion of the course, the students should:

1. Demonstrate differences between actual and natural real GDP
2. Focus on macroeconomics at the extremes and the role of stabilization policy
3. Understand the “magic” equation and the twin deficits
4. Ability to learn nominal GDP, real GDP, the GDP deflator inflation, real GDP growth, or any other growth rate
5. Understand planned expenditure components
6. Explaining the multiplier effect
7. Represent sources of shifts in planned spending
8. Understand the relation of autonomous planned spending to the interest rate
9. Explain the IS curve
10. Explaining the effect of monetary and fiscal policy on income, the interest rate, and the demand for money

11. Represent how fiscal expansion can “crowd out” private investment
12. Understanding meaning of strong and weak effects of monetary and fiscal policy

**Intellectual skills:**

1. Identify Jordan's central bank new instrument through quantitative easing
2. Differentiate the combination of aggregate demand and aggregate supply
3. Identify flexible prices and the aggregate demand curve
4. Recognize shifters of aggregate demand curve with monetary and fiscal policy
5. Recognize alternative shapes of the short-run aggregate supply curve
6. Explain fiscal and monetary expansion in the short run and long run
7. Understanding the classical macroeconomics through explaining quantity theory of money and the self-correcting economy
8. Distinguish between aggregate demand, aggregate supply
9. Examplng flexible prices and the aggregate demand curve
10. Differentiate between inflation causes and its cures

**Practical Skills:**

1. Analyzing Jordan's economy macroeconomics big three concepts) inflation, economic growth and Inflation)
2. Ability to solve assignments using Excel worksheet, Word and other office tools.
3. Applying main concepts of macrotheory on central banks of Jordan.
4. Identify appropriate economic models to analyze Jordanian main macroeconomic problems.
5. Develop practical skills in collecting and statistically analyzing economic data to reach conclusions about economic issues.
6. Justify conclusions using economic arguments with appropriate rigour on Jordanian macro economic situation.
7. Upgrading skills in the mathematical modeling of economic theory and statistical analysis of economic data, as well as writing and communicating economic idea
8. Undertake independent study and undertake research.

***Required Course Texts and Materials***

Gordon, Robert J. (2012): Macroeconomics. Pearson Education. 12<sup>th</sup> Ed. The textbook has the following companion website: <http://www.pearsonhighered.com/gordon/>

***Supporting Materials:***

Dornbusch, Rudiger; Fischer, Stanley; Startz, Richard (2010): Macroeconomics. 11<sup>th</sup> Ed. McGraw-Hill/Irwin.

McConnell, Campbell; Brue, Stanley; Flynn, Sean (2011): Macroeconomics. 19<sup>ed</sup> Ed. McGraw-Hill/Irwin.

***Textbooks in Arabic:***

Majeed, Diay (2000): Macrotheory Theory: Macroeconomic Analysis. Dar Shabab Al Jameah.

***Grading Policy***

1. Grades will be based on a first and a second exam worth 20% each, assignment worth 10% and a final exam worth 50%.
2. Exams consists the followings types: multiple choice, short answer and short answer essay questions.
3. Please answer your exam using only a blue pen and avoid using other pen colors.

## Grading System

Grades can be based on the following criteria:

Exam	Day	Date	Time	Place	Grade
1 <sup>st</sup> exam	Thursday	19.03.2015	09:00-10:00	TBA	25%
2 <sup>nd</sup> exam	Thursday	23.04.2015	09:00-10:00	TBA	25%
Quizzes and assignments during the lectures	To be assigned during lectures			Class room	10%
Final exam	To Be Assigned	TBA	TBA	TBA	40%
<b>Total</b>					<b>100 %</b>

## Course Policies

### Late Assignments

Late and dismiss of assignments delivery without a valid excuse will lead you to a zero grade. Please let me know as soon as possible if you know that you will be unable to deliver your assignments.

### Classroom Protocol

- Attendance is mandatory.
- Students should not carry conversations with each other, or talk to cell phones during class lectures and exams.
- Students are not allowed to read non-assigned materials.
- It's the student responsibility to inform the instructor "a week" prior if there is a conflict with an exam.
- It is just allowed to use the calculator (mobile cell phones are prohibited)
- It is recommended to register into the Faculty facebook homepage to get further insights and information under the following URL:  
<https://www.facebook.com/Hashemite.EAS>

### Disability

Students with disabilities or special needs are advised to discuss it with me at your convenient.

### Important dates to remember

01.02.2015	Begin of classes
30.04.2015	End of 2 <sup>nd</sup> semester withdrawal
09 -21.05.2015	Final examination week

## Course Schedule

Chapter Nr.	Contents	Time Line
<b>Chapter 1</b>	<b>What Is Macroeconomics?</b>	<b>3 Lectures</b>
1-1	How Macroeconomics Affects Our Everyday Lives	
1-2	Defining Macroeconomics	
1-3	Actual and Natural Real GDP	
1-4	Macroeconomics in the Short Run and Long Run	
1-6	Macroeconomics at the Extremes	
1-7	Taming Business Cycles: Stabilization Policy	
1-8	The "Internationalization" of Macroeconomics	
<b>Chapter 2</b>	<b>The Measurement of Income, Prices, and Unemployment</b>	<b>4 Lectures</b>
2-1	Why We Care About Income	

2-2	The Circular Flow of Income and Expenditure	
2-3	What GDP Is, and What GDP Is Not	
2-4	Components of Expenditure	
2-5	The “Magic” Equation and the Twin Deficits	
2-6	Where Does Household Income Come From?	
2-7	Nominal GDP, Real GDP, and the GDP Deflator	
2-8	Measuring Unemployment	
APPENDIX	How We Measure Real GDP and the Inflation Rate	
<b>Chapter 3</b>	<b>Income and Interest Rates: The Keynesian Cross Model and the <i>IS</i> Curve</b>	<b>5 Lectures</b>
3-1	Business Cycles and the Theory of Income Determination	
3-2	Income Determination, Unemployment, and the Price Level	
3-3	Planned Expenditure	
3-4	The Economy In and Out of Equilibrium	
3-5	The Multiplier Effect	
3-6	Sources of Shifts in Planned Spending	
3-7	How Can Monetary Policy Affect Planned Spending?	
3-8	The Relation of Autonomous Planned Spending to the Interest Rate	
3-9	The <i>IS</i> Curve	
3-10	Conclusion: The Missing Relation	
APPENDIX	Allowing for Income Taxes and Income-Dependent Net Exports	
<b>Chapter 4</b>	<b>Strong and Weak Policy Effects in the <i>IS-LM</i> Model</b>	<b>5 Lectures</b>
4-1	Introduction: The Power of Monetary and Fiscal Policy	
4-2	Income, the Interest Rate, and the Demand for Money	
4-3	The <i>LM</i> Curve	
4-4	The <i>IS</i> Curve Meets the <i>LM</i> Curve	
4-5	Monetary Policy in Action	
4-6	How Fiscal Expansion Can “Crowd Out” Private Investment	
4-7	Strong and Weak Effects of Monetary Policy	
4-8	Strong and Weak Effects of Fiscal Policy	
4-9	Using Fiscal and Monetary Policy Together	
APPENDIX	The Elementary Algebra of the <i>IS-LM</i> Model	
<b>Chapter 6</b>	<b>The Government Budget, the Government Debt, and Limitations of Fiscal Policy</b>	<b>5 Lectures</b>
6-1	Introduction: Can Fiscal Policy Rescue Monetary Policy from Ineffectiveness?	
6-2	The Pervasive Effects of the Government Budget	
6-4	Automatic Stabilization and Discretionary Fiscal Policy	
6-5	Government Debt Basic Concepts	
6-6	Will the Government Remain Solvent?	
6-8	Factors Influencing the Multiplier Effect of a Fiscal Policy Stimulus	
6-10	Government Spending and Transfers to States/Localities	
6-11	Conclusion: Strengths and Limitations of Fiscal Policy	
<b>Chapter 8</b>	<b>Aggregate Demand, Aggregate Supply, and the Great Depression</b>	<b>5 Lectures</b>
8-1	Combining Aggregate Demand with Aggregate Supply	
8-2	Flexible Prices and the <i>AD</i> Curve	
8-3	Shifting the Aggregate Demand Curve with Monetary and Fiscal Policy	
8-4	Alternative Shapes of the Short-Run Aggregate Supply Curve	
8-5	The Short-Run Aggregate Supply ( <i>SAS</i> ) Curve When the Nominal Wage Rate Is Constant	
8-6	Fiscal and Monetary Expansion in the Short and Long Run	
8-7	Classical Macroeconomics: The Quantity Theory of Money and the Self-Correcting Economy	
8-8	The Keynesian Revolution: The Failure of Self-Correction	

<b>Chapter 9</b>	<b>Inflation: Its Causes and Cures</b>	<b>6 Lectures</b>
9-1	Introduction	
9-2	Real GDP, the Inflation Rate, and the Short-Run Phillips Curve	
9-3	The Adjustment of Expectations	
9-4	Nominal GDP Growth and Inflation	
9-5	Effects of an Acceleration in Nominal GDP Growth	
9-6	Expectations and the Inflation Cycle	
9-7	Recession as a Cure for Inflation	
9-8	The Importance of Supply Shocks	
9-9	The Response of Inflation and the Output Ratio to a Supply Shock	
9-10	Inflation and Output Fluctuations: Recapitulation of Causes and Cures	
9-11	How Is the Unemployment Rate Related to the Inflation Rate?	
APPENDIX	The Elementary Algebra of the <i>SP-DG</i> Model	