

Course Number and Name	ECNE 202	Macroeconomic Theory
Intended Learning Outcomes	At the end of the course students will be able to explain various macroeconomic theories/models and their applications in practice and in policy making.	
Course Contents	Evolution of macroeconomic thought; IS-LM model: introduction to IS-LM model, goods market (IS curve), asset market (IM curve), equilibrium in goods and assets markets, monetary and fiscal policy in the IS-LM model, open economy IS-LM model, derivation of aggregate demand curve; aggregate supply: classical, Keynesian and neoclassical models of labour market, derivation of aggregate supply curve; Phillips curve and Friedman-Phelps amendment; consumption behaviour: absolute income hypothesis, relative income hypothesis, life-cycle theory, permanent income hypothesis; investment behaviour: Keynesian and neoclassical investment theories; recent developments in theory of demand for money; components of the money stock, monetary control, credit and monetary policy, banking system in Sri Lanka; economic growth; macroeconomic policies.	
Assessment Strategy	<ul style="list-style-type: none"> i. Time of Assessment - End of the Year ii. Assessment Method - Written examination Assigned percentage for each Component – 100%	
Recommended References	Abel, Andrew & Ben Bernanke. 2001. Macroeconomics (4th edition). Boston MA: Addison Wesley Longman. Dornbusch, Rudiger, Stanley Fischer and Richard Startz. 1998. Macroeconomics (7 th edition). Boston, MA: Irwin McGraw-Hill. Farmer, Roger. 2001. Macroeconomics (2nd edition). South Western College Publishing. Froyen, Richard T. 1999. Macroeconomics: Theories and Policies (6th edition). Delhi: Addison Wesley Longman. Karunathilaka, H.N.S. 1986, The Banking and Financial System of Sri Lanka, Centre for Demographic and Socio Economic Studies, Colombo. Miller, Roger Leroy and David VanHoose. 2001. Macroeconomics: Theories, Policies and International Applications (2nd edition). Cincinnati, OH: South Western College Publishing.	