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 macrceconomic 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

i. Time of Assessment - End of the Year

ii. Assessment Method - Written examination

Assigned percentage for each Component – 100%

Recommended References


