Course Outline

EE212: PRINCIPLES OF MACROECONOMICS (SEC. 046402)

Semester 1/2024 (13 August – 2 December 2024)

Lecture Time: Thursdays, 09:00 – 12:00 hrs

Lecture Venue: Room 206, Faculty of Economics

Teaching Materials Platform: Google Classroom

https://classroom.google.com/c/NjkxNjk3Mjc0NjAz?cjc=24ilgmj

(All communication and submission of the assignment shall be done through this google classroom link)

Instructor:

Name: Dr. Nitinant Wisaweisuan

Office Hours: by appointment

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Number of Credit: 3 Credits (3-0-6)

Prerequisite: none

Course Description:

Indicators, goals, and problems in Macroeconomics. Determination of national income, theories of aggregate consumption and aggregate investment, the accelerator principle, money markets, the theory of supply and demand for money, the joint equilibrium model of product and money markets (IS-LM model), the balance of payments, and fiscal and monetary policies as means to stabilise an economy. Collecting and managing Thai macroeconomic data for analysing economic conditions are introduced.

Course Objectives:

Students can comprehend the principles of macroeconomics theories and apply those theories to analyse causes and effects of the movement of various macroeconomic variables in Thailand and some other countries' economies.

Expected Learning Outcomes:

The student shall be equipped with knowledge of the principles of macroeconomics. By the end of the semester, students should understand the content of macroeconomic news and be able to analyse the causes and effects of the changes of key macroeconomic variables in Thailand.

1. Morality and Ethics

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students demonstrate integrity.	Assignment and exams with no plagiarism and cheating at all.
○	2. Students prioritise social and public benefits over personal ones.	Class participation
●	3. Students are punctual and comply with the code of conduct of the institution and society at large.	Class participation
○	4. Students are responsible and accountable to society, the nation, and the subject of economics.	Class participation
○	5. Students realise the cultural and environmental value of a sustainable society.	Class participation

2. Knowledge

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students know and understand modern economics principles and theories, and are up to date with new developments.	Assignment and exam
●	2. Students know and understand Thai and global economic structure and the importance of major international economic events.	Assignment and exam
●	3. Students know and understand the instruments of economic analysis.	Assignment and exam
●	4. Students know and understand applied fields in economics, including monetary, public, international, business, natural resource, and environmental, industrial, agricultural, cooperative, political, developmental, and entrepreneurial economics as well as agribusiness.	Assignment and exam
○	5. Students are informed about related fields including sociology, business administration, education, law policy, and science.	Assignment and exam

3. Intellectual Development

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students have developed individual critical thinking.	Assignment and class participation
●	2. Students are sufficiently trained in research skills.	Assignment

●	3. Students demonstrate an ability to analyse and synthesise data, as well as appropriately integrate economics concepts to understand the causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.	Assignment and exam

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes	Evaluation Method
●	1. Students are responsible for assigned tasks and work in groups effectively.	Group assignment
O	2. Students have problem-solving skills.	
O	3. Students show leadership skills and team spirit.	Group assignment
●	4. Students are always improving themselves.	Class supervision
O	5. Students have good interpersonal skills, adapt, and work under different conditions.	Group assignment, class participation and supervision

5. Quantitative Analysis, communication, and information technology

Applicability	Expected Learning Outcomes	Evaluation Method
O	1. Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.	Assignment
O	2. Students communicate effectively and select appropriate presentation methods.	Assignment
O	3. Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.	Assignment

Remark: ● Primary expected outcome O Secondary expected

Main Text:

Case, Karl E., Ray C. Fair and Sharon M. Oster (2017), ***Principles of Macroeconomics*** (13th ed.): Pearson International Edition.

Froyen, Richard T. (2009), ***Macroeconomics, Theories and Policies*** (9th ed.): Prentice Hall.

Recommended Texts & Materials

Lipsey, R.G., Ragan, C.T.S. and Storer, P.A. (2008), ***Economics*** (13th ed.): Pearson Addison-Wesley

Mankiw, N.G., ***Principles of Macroeconomics*** (2009): South-Western Cengage Learning

Suggested Readings: To be announced

Grading Criteria:

Class participation	5%
Homework and other individual or group assignments/quizzes	10%
Midterm exam (Tuesday, 1 October 2024; 12.00 – 14:00 hrs) *(Please note that no lectures will be given during the Mid-term week of February 25 - March 4, 2024)*	35%
Final exam (Monday, 9 December 2024; 09.00 – 12.00 hrs)	50%

Expected Learning Outcomes:

Tentative Class Schedule:

Topics

1. Introduction to Macroeconomics (4.5 hours)

1.1 Introduction to Economics
1.2 Macroeconomic objectives and macroeconomic policy
1.3 Types of macroeconomics variables
    1.3.1 Stock vs flow variables
    1.3.2 Real vs nominal variables
1.4 Key Macroeconomic variables
    1.4.1 Output/Input
    1.4.2 Employment/Unemployment
    1.4.3 Price level/Inflation
    1.4.4 Interest rate
    1.4.5 Exchange rate
    1.4.6 Inequality
1.5 A brief history of macroeconomics
Read: Case, Fair & Oster, Ch. 5, 7; LRS, Ch. 1, 2, 19, 31; Mankiw Ch. 1, 2, 23

2. National Income and National Product (4.5 hours)

2.1 The component of the macroeconomy
2.2 Circular flow diagram
2.3 National income and product account
2.4 GDP vs GNP
2.5 Measurement of GDP
    2.5.1 Product approach
    2.5.2 Expenditure approach
    2.5.3 Income approach
2.6 Nominal GDP vs. Real GDP and GDP deflator
2.7 Limitation of GDP concept

Read Case, Fair & Oster, Ch. 6; LRS, ch.20, Mankiw Ch. 10, 11

3. National Income and Equilibrium Determination (9 hours)

3.1 Introduction
3.2 Composition of desired aggregate expenditure (DAE)
    3.2.1 Desired aggregate consumption expenditure
    3.2.2 Desired aggregate investment expenditure
    3.2.3 Desired aggregate government expenditure

- 3.2.4 Desired aggregate net exports
- 3.3 Equilibrium national income
  - 3.3.1 Definition
  - 3.3.2 Determination of equilibrium national income
    - 3.3.2.1 Y = DAE approach
    - 3.3.2.2 Leakage = Injection approach
  - 3.3.3 Changes in equilibrium national income and adjustment to new equilibrium
- 3.4 Paradox of Thrift
- 3.5 Inflationary and deflationary gap
- 3.6 Keynesian, Classical and Non-Keynes non-classical concept

Read: Case, Fair & Oster, Ch. 8; LCR, ch.21, 22

4. Fiscal Policy at Work (3 hours)

- 4.1 Meaning of fiscal policy
- 4.2 Objectives of fiscal policy
- 4.3 Fiscal policy tools
  - 4.3.1 Government expenditure
  - 4.3.2 Government transfer payment
  - 4.3.3 Government revenue
  - 4.3.4 Public debt
- 4.4 Types of government policy

Read: Case, Fair & Oster, Ch. 9; LCR, Ch. 32, Froyen Ch. 18, Mankiw Ch. 21

5. The Money Market and Monetary Policy (3 hours)

- 5.1 Money creation and money multiplier
- 5.2 Money and money market
- 5.3 Money supply and Central bank roles
  - 5.3.1 Money supply
  - 5.3.2 Central bank roles
- 5.4 Demand for money
- 5.5 Equilibrium in money market
- 5.6 Changes in equilibrium money market

Read: Case, Fair & Oster, Ch. 10; LRS, Ch. 27, 28, 29, Froyen Ch. 16, Mankiw Ch. 16

6. The IS-LM Model (9 hours)

- 6.1 Product market and IS curve
  - 6.1.1 Investment, interest rate and product market equilibrium
  - 6.1.2 The derivation of IS curve
  - 6.1.3 Factors determining slope of IS curve
  - 6.1.4 Shifts in IS curve
- 6.2 Money market and LM curve
  - 6.2.1 The derivation of LM curve
  - 6.2.2 Factors determining slope of LM curve
  - 6.2.3 Shifts of LM curve
- 6.3 IS-LM in terms of equation
- 6.4 The IS-LM combined
- 6.5 Changes in equilibrium of product and money market

Read Froyen, Ch. 7

7. Policy Effectiveness (3 hours)

7.1 Fiscal policy effectiveness
  7.1.1 Fiscal policy effectiveness and slope of IS curve
  7.1.2 Fiscal policy effectiveness and slope of LM curve
7.2 Monetary policy effectiveness
  7.2.1 Monetary policy effectiveness and slope of IS curve
  7.2.2 Monetary policy effectiveness and slope of LM curve

Read Froyen, Ch. 7

8. The Ad-AS Model and inflation (6 hours)

8.1 Aggregate Demand (AD)
  8.1.1 The derivation of the AD curve from the IS-LM model
  8.1.2 Move along the AD curve
  8.1.3 The shift of AD curve
8.2 Aggregate Supply (AS)
  8.2.1 Short-run AS
  8.2.2 Long-run AS
  8.2.3 Move along AS and shift of AS
8.3 Equilibrium and changes in equilibrium
  8.3.1 Equilibrium in the AD-AS model
  8.3.2 Changes in equilibrium in the AD-AS model
8.4 The analysis of fiscal policy and monetary policy using the AD-AS model
8.5 Inflation
  8.5.1 Definition
  8.5.2 Causes of inflation
    8.5.2.1 Demand-pull inflation
    8.5.2.2 Cost-push inflation
  8.5.3 Phillips Curve

Read: Case, Fair & Oster, Ch. 12, 13; Froyen, Ch. 8, Ch. 10; LRS, Ch. 23, 24, 25, 30; Mankiw Ch. 20, 21, 22

9. International Economics (3 hours)

9.1 Introduction to international trade
9.2 The Balance of Payment
9.3 Relationship between difference in saving and investment and current account
9.4 The market for foreign exchanges
  9.4.1 Meaning and importance of foreign exchange rate
  9.4.2 Demand for foreign exchanges
  9.4.3 Supply of foreign exchanges
  9.4.4 Exchange rate system

Read: Case, Fair & Oster, Ch. 19; LRS, Ch. 34, 35, Froyen Ch. 14, Mankiw Ch. 18