



B.E. International Program

Faculty of Economics, Thammasat University



Course Syllabus

EE 212 Principles of Macroeconomics

- Semester:** 1/2019 (August 13 – November 30, 2019)
- Number of credits:** 3 credits (3-0-6)
- Lecture Time:** Section 046401: Tuesday and Thursday, 08.00 – 09.30 hours
Section 046402: Tuesday and Thursday, 09.30 – 11.00 hours
- Lecture Venue:** Section 046401: Room 303, Faculty of Economics
Section 046402: Room 303, Faculty of Economics
- Instructor:**
- Section 046401:** Ajarn Pongpalin Yingchoncharoen
Office: Room 2, 4th Floor, Faculty of Economics
Email: pongpalin@econ.tu.ac.th
Office hours: by appointment (please email or contact instructor in the classroom to make an appointment)
- Section 046402:** Asst. Prof. Dr. Nessara Sukpanich
Office: Room 463, Faculty of Economics
Email: nessara@econ.tu.ac.th
Office hours: by appointment (please email or contact instructor in the classroom to make an appointment)

Course Description:

Indicators, goals and problems in macroeconomics. Determination of national income, theories of aggregate consumption and aggregate investment, accelerator principle, money market, theory of demand for and supply of money, the joint equilibrium model of product and money markets (IS-LM model), balance of payments, and fiscal and monetary policies as

means to stabilize an economy, as well as applications of macroeconomic theory to analyze Thai economic conditions.

Course Objectives

Student shall be equipped with knowledge of principle of macroeconomics. By the end of the semester student should understand macroeconomic news and be able to analyze cause and effects of key macroeconomic variables

Evaluation:

Homework and other individual or group assignments/quizzes	10%
Midterm exam (Tuesday 1 October 2019, 09.00 a.m. – 11.00 a.m.)	35%
Final exam (Tuesday 6 December 2019, 09.00 a.m. – 12.00 p.m.)	55%

Expected Learning Outcomes:

1. Morality and Ethics

Applicability	Expected Learning Outcomes
●	1.1 Students demonstrate integrity.
○	1.2 Students prioritize social and public benefits over personal ones.
●	1.3 Students are punctual and comply with the code of conduct of the institution and society at large.
○	1.4 Students are responsible and accountable to society, the nation, and the subject of economics.
○	1.5 Students realize the cultural and environmental value of the sustainable society.

2. Knowledge

Applicability	Expected Learning Outcomes
●	2.1 Students know and understand modern economics principles and theories, and are up to date with new developments.
●	2.2 Students know and understand Thai and global economic structure, and the importance of major international economic events.
●	2.3 Students know and understand instruments of economic analysis.
●	2.4 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.

○	2.5 Students are informed about related fields including sociology, business administration, education, law policy, and science.

3. Intellectual Development

Applicability	Expected Learning Outcomes
●	3.1 Students have developed individual critical thinking.
●	3.2 Students are sufficiently trained in research skills.
●	3.3 Students demonstrate an ability to analyze and synthesize data, as well as appropriately integrate economics concepts to understand causes of current economic problems in Thailand. Based on analysis and synthesis, students demonstrate an ability to propose policy guidelines to resolve problems.

4. Interpersonal Skills and Responsibilities

Applicability	Expected Learning Outcomes
●	4.1 Students are responsible for assigned tasks and work in groups effectively.
○	4.2 Students have problem-solving skills.
○	4.3 Students show leadership skills and team spirit.
●	4.4 Students are always improving themselves.
○	4.5 Students have good interpersonal skills, adapting and working under different conditions.

5. Quantitative Analysis, Communication and Information Technology

Applicability	Expected Learning Outcomes
○	5.1 Students select and apply appropriate statistical and mathematical methods for data processing, interpretation, conclusions, and recommendations to resolve problems.
○	5.2 Students communicate effectively and select appropriate presentation methods.
○	5.3 Students use information and communication technologies appropriately to gather data as well as process, interpret, and present results.

Main Text (Choose one of these textbooks, then choose the latest edition available for that textbook):

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 Text

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

Course Policy

- ◆ Use of cellphone or electronic device is not allowed in class unless specify in class or for reasonable purposes
- ◆ Dress properly to class
- ◆ No make up exam

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
- 1.5 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 macro economy
- 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 and consumption theories

3.2.1.1 Absolute income hypothesis

3.2.1.2 Permanent income hypothesis

3.2.1.3 Life cycle hypothesis

3.2.2 Desired aggregate investment expenditure

3.2.2.1 Determination of aggregate investment

3.2.2.2 Present Value (PV) and net present value (NPV) concept

3.2.2.3 MEC and MEI

3.2.2.4 The accelerator principle

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 AD curve from IS-LM model
 - 8.1.2 Move along AD curve
 - 8.1.3 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 AD-AS model
 - 8.3.2 Changes in equilibrium in AD-AS model
- 8.4 The analysis of fiscal policy and monetary policy using 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

Remarks:

- ◆ **Mid-Term Examination (Tuesday, October 1, 2019, 09.00 - 11.00 hrs.)**
- ◆ **Final Examination (Friday, December 6, 2019, 09.00 – 12.00 hrs.)**



ACADEMIC CALENDAR SEMESTER 1/2019

Event

Semester 1
(August - December 2019)

Classes Begin	August 13, 2019
Adding and Dropping Courses W/O Record	August 13 - 26, 2019
Payment	August 13 - 27, 2019
Mid-term Examination Period	September 30 - October 5, 2019
<i>His Majesty the late King Bhumibol Adulyadej Memorial Day*</i>	<i>October 13, 2019</i>
<i>Substitution for His Majesty the late King Bhumibol Adulyadej Memorial Day*</i>	<i>October 14, 2019</i>
Course Withdrawal With "W"	October 16 - 21, 2019
<i>King Chulalongkorn Memorial Day*</i>	<i>October 23, 2019</i>
Last Day of Classes	November 30, 2019
Final Examination Period	December 2-4, 6-9, 11-16, 2019
<i>The birthday of His Majesty the late King Bhumibol Adulyadej*</i>	<i>December 5, 2019</i>
<i>Constitution Day*</i>	<i>December 10, 2019</i>

Remark:

* Holiday, No classes during this period