



B.E. International Program

Faculty of Economics, Thammasat University



Course Outline

EE 312 Macroeconomics Theory

Semester 1/2012 (August 14 – December 1, 2012)

Number of credits: 4 credits

Lecture Time: Tuesdays and Thursdays, 9.30 – 11.30 a.m.

Lecture Venue: Room 304, Faculty of Economics

Instructor: Professor Dr. Pranee Tinakorn

Office: Room 452, Faculty of Economics

E-mail: pranee@econ.tu.ac.th

Office hours: Tuesdays and Wednesdays 14.00 – 16.00 hrs

Course Description:

Analysis of joint equilibrium in product market, money market, and foreign exchange market (the IS-LM-BP model) as well as changes in equilibrium. The relationship between the product market and the labor market. The model of aggregate demand and aggregate supply in closed and open economies. Inflation, unemployment, and the Phillips curve. Real Business Cycle model and New Keynesian economics. Economic stabilization policies and Growth theory. Applications of macroeconomic theory to analyze economic situations.

Prerequisites: a) EE211 and EE212 or b) EE213 and EE214

Course Objective:

To provide students with an understanding of macroeconomics theory and the factors affecting the short-run and long-run performance of the economy as well as an analysis of stabilization policies and economic growth.

Main Textbooks:

1. Froyen, R. T., **Macroeconomics: Theories and Policies**, 9th edition, Prentice-Hall Inc., New Jersey, 2009.
2. Mankiw, N.G., **Macroeconomics**, 7th edition, Worth Publishers, 2010.

Other references for further reading:

1. Andrew B. Abel, Ben S. Bernanke, and Dean Croushore, **Macroeconomics**, 6th edition, Pearson International, 2008
2. Olivier Blanchard, **Macroeconomics**, 5th edition, Pearson International Edition, 2009.
3. Rudiger Dornbusch, Stanley Fischer, and Richard Startz, **Macroeconomics**, 10th edition, Mcgraw-Hill International, 2008.
4. Stephen Williamson, **Macroeconomics**, 3rd edition, Pearson International, 2008.

Course Schedule:

Number of Lecture Hours	Lecture Topic / Activities
2 hours	1. Introduction: Macroeconomic Analysis 1.1 Subject matter of macroeconomics 1.2 Macroeconomic variables and measurement 1.3 Analytical framework and schools of thoughts (Froyen, Chapter 1, 2)
10 hours	2. Joint equilibrium in the product and money market 2.1 Analysis of product and money market (IS-LM model) 2.2 Policy effects in the IS-LM Framework 2.3 Relative effectiveness of Fiscal and Monetary Policy (Froyen, Chapter 5, 6, 7)
12 hours	3. The Model of Aggregate Supply and Aggregate Demand 3.1 The Labor Market and Aggregate Supply (AS) 3.1.1 The Classical Model 3.1.2 The Keynesian Model 3.2 The Aggregate Demand (AD) 3.2.1 The Classical Model 3.2.2 The Keynesian Model 3.3 Keynesian vs. Classical Economics (Froyen, Chapter 3, 4, 8)

Number of Lecture Hours	Lecture Topic / Activities
8 hours	4. Inflation, Unemployment and the Phillips Curve 4.1 The Monetarist View 4.2 The Natural Rate Theory 4.3 Monetarist and Keynesian Views of the Unemployment and Inflation Trade-off (Froyen, Chapter 9, 10)
4 hours	5. New Classical Economics 5.1 Rational Expectation 5.2 Policy Implications under Rational Expectation (Froyen, Chapter 11)
4 hours	6. Real Business Cycle Model and New Keynesian Economics 6.1 Real Business Cycle Model 6.2 New Keynesian Economics (Froyen, Chapter 12, 13)
12 hours	7. Open Economy Macroeconomics 7.1 Components in Balance of Payments 7.2 Foreign exchange market and exchange rate systems 7.3 Derivation of Balance of Payments Curve (BP) 7.4 Internal-External Joint Equilibrium (IS-LM-BP model) 7.5 Monetary and Fiscal Policy in an Open Economy 7.6 AD and AS in an Open Economy (Froyen, Chapter 14, 15)
4 hrs	8. Macroeconomic goals and policies 8.1 Monetary Policy 8.1.1 Money and interest rates 8.1.2 Competing Strategies 8.1.3 Recent strategy: inflation targeting 8.2 Fiscal Policy (Froyen, Chapter 16, 17, 18)
10 hrs	9. Economic growth 9.1 Capital Accumulation and the Golden Rule Level of Capital 9.2 Population growth 9.3 Technological Progress and Productivity 9.4 Policies to promote economic growth 9.5 Endogenous growth theory (Froyen, Chapter 19, 20; Mankiw, Chapter 7, 8)

Course Evaluation:

	Evaluation Method	Activities	Evaluation Date
1.	Homework and Assignment (20%)	Answers to problem sets and analytical essay	Every month
2.	Midterm Examination (30%)	Written Examination	Thursday, October 4, 2012 (9.30 – 11.30 hrs)
3.	Final Examination (50%)	Written Examination	Tuesday, December 11, 2012 (9.00 – 12.00 hrs)

Important Dates:

Classes Begins	August 14, 2012
Adding and Dropping Courses	August 14 – 28, 2012
Midterm Exam Period	October 1 – 6, 2012 (No Lectures)
Midterm Exam	October 4, 2012 (9.30 – 11.30 hrs)
Course Withdrawal with “W”	October 17 – 22, 2012
Class Ends	December 1, 2012
Final Exam	December 11, 2012 (9.00 – 12.00 hrs)
