



B.E. International Program

Faculty of Economics, Thammasat University

COURSE OUTLINE

EE 212 PRINCIPLES OF MACROECONOMICS

(SECTION 046402)

- Semester:** 2/2017 (January 8 – May 20, 2018)
- Instructor:** Dr. Sicha Thubdimphun
Economics building , Room 469.
Email: sicha@econ.tu.ac.th
- Office Hours:** Tuesday : 13.00 hr. – 14.30 hr. or by appointment
- Lecture Time:** Tuesday and Thursday: 9:30 a.m. - 11.00 a.m.
- Lecture Venue:** Room 302, Faculty of Economics, Prachan Campus
- Midterm:** March 15, 9.00 – 11.00 hr.
- Final:** May 21, 13.30 hr. – 16.30 hr.

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 Objective:

Understanding key issues and problems in macroeconomics, understanding key macroeconomic indicators, and understanding basic macroeconomic models

Evaluation:

Homework, quiz and participation	10%
Midterm exam	30%
Final exam	60%

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

Case, Karl E. and Ray C. Fair (2009), *Principles of Macroeconomics* (9th ed.): Prentice Hall.
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

Class Policies:

Any changes to the course outline (if any) **will be announced in the class or uploaded on BE moodle.**

It is the responsibility of the students to obtain any information announced in the class. Ignorance of such information due to absence of class is not a valid defence.

It is the responsibility of the students to be updated regarding marks for homework, quiz, participation and midterm exam, which will be updated on the BE moodle. Please inform the lecturer if there is any mistake. The cut-off date for any change of the marks for homework, quiz, participation and midterm exam is at the final exam date. **After the final exam date the scores cannot be changed.**

If a student has any question about the lecture, please do not hesitate to consult the lecturer during office hours. The lecturer would be pleased to assist.

If a student is not convenient to meet at the lecturer's office hours, please make an appointment in advance via email. Please allow enough time (at least 2 working days) for the lecturer to confirm the appointment. The student also should confirm such an appointment by emailing back.

Attendance is highly encouraged

Proper manner and courtesy are expected

A student may contact me by sending email. On the night before a text/an exam the cut off for any question is 5.00 pm. via email, I can provide only short answer. If you prefer long answer, please come to visit me during office hours or you may make an appointment.

Date	Topic	Reading
9, 11 Jan	<p>Topics:</p> <p>1. Introduction to Macroeconomics (3 hours)</p> <p>1.1 Introduction to Economics</p> <p>1.2 Macroeconomic objectives and macroeconomic policy</p> <p>1.3 Types of macroeconomics variables</p> <p>1.3.1 Stock vs flow variables</p> <p>1.3.2 Real vs nominal variables</p> <p>1.4 Key Macroeconomic variables</p> <p>1.4.1 Output/Input</p> <p>1.4.2 Employment/Unemployment</p> <p>1.4.3 Price level/Inflation</p> <p>1.4.4 Interest rate</p> <p>1.4.5 Exchange rate</p> <p>1.5 Brief history of macroeconomics</p>	<p>Read: Case & Fair, ch. 5, 7; LRS, ch. 1, 2, 19, 31; Mankiw ch. 1, 2, 28</p>
16, 18 Jan	<p>2. National Income and National Product (3 hours)</p> <p>2.1 The component of macro economy</p> <p>2.2 Circular flow diagram</p> <p>2.3 National income and product account</p> <p>2.4 GDP vs GNP</p> <p>2.5 Measurement of GDP</p> <p>2.5.1 Product approach</p> <p>2.5.2 Expenditure approach</p> <p>2.5.3 Income approach</p> <p>2.6 Nominal GDP vs. Real GDP and GDP deflator</p> <p>2.7 Limitation of GDP concept</p>	<p>Read: Case & Fair, ch. 6; LRS, ch.20, Mankiw ch. 10, 11</p> <p>CH5, 6</p>
6,8, 13, 15, 20, 22, 27 Feb	<p>3. National Income and Equilibrium Determination (10.5 hours)</p> <p>3.1 Introduction</p> <p>3.2 Composition of desired aggregate expenditure (DAE)</p> <p>3.2.1 Desired aggregate consumption expenditure and consumption theories</p> <p>3.2.1.1 Absolute income hypothesis</p> <p>3.2.1.2 Permanent income hypothesis</p> <p>3.2.1.3 Life cycle hypothesis</p> <p>3.2.2 Desired aggregate investment expenditure</p> <p>3.2.2.1 Determination of aggregate investment</p> <p>3.2.2.2 Present Value (PV) and net present value (NPV) concept</p> <p>3.2.2.3 MEC and MEI</p> <p>3.2.2.4 The accelerator principle</p> <p>3.2.3 Desired aggregate government expenditure</p> <p>3.2.4 Desired aggregate net exports</p> <p>3.3 Equilibrium national income</p>	<p>Read: Case & Fair, ch. 6; LCR, ch.21, 22</p>

Date	Topic	Reading
	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	
1*(Class cancelled - national holiday). 6 Mar	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, ch. 9; LCR, ch. 32, Froyen Ch. 18, Mankiw ch. 21
8, 20 Mar	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, ch. 10-11; LRS, ch. 27, 28, 29, Froyen ch. 16, Mankiw ch. 10-11
22, 27, 29 Mar, 3, 5, 10, 19, April	6. The IS-LM Model (10.5 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
24, 26 April	7. Policy effectiveness (3 hours) 7.1 Fiscal policy effectiveness	Read Froyen, ch. 7

Date	Topic	Reading
	<ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 7.2.1 Monetary policy effectiveness and slope of IS curve 7.2.2 Monetary policy effectiveness and slope of LM curve 	
1,3, 8, 10, May	<p>8. The AD-AS Model and Inflation (6 hours)</p> <ul style="list-style-type: none"> 8.1 Aggregate Demand (AD) <ul style="list-style-type: none"> 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) <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 8.5.1 Definition 8.5.2 Causes of inflation <ul style="list-style-type: none"> 8.5.2.1 Demand-pull inflation 8.5.2.2 Cost-push inflation 8.5.3 Phillips Curve 	<p>Read: Case & Fair, ch. 12, 13; Froyen, ch. 8, ch. 10; LRS, ch. 23, 24, 25, 30; Mankiw ch. 20, 21, 22 14, 15</p>
15, 17 May	<p>9. International Economics (3 hours)</p> <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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 	<p>Read: Case & Fair, ch. 20; LRS, ch. 34, 35; Froyen ch. 14; Mankiw ch. 18 12</p>

*To be announced

Important dates

- ◆ Semester 2/2017 begins January 8, 2018
- ◆ Adding and Dropping Courses W/O Record January 8 - 22, 2018
- ◆ *The University Sports of Thailand** January 22 - February 3, 2018
- ◆ *Makha Bucha Day** March 1, 2018
- ◆ **Midterm Examination Period** **March 12 - 17, 2018**
- ◆ Course withdrawal with “W” March 28 – April 2, 2018
- ◆ *Chakri Memorial Day** April 6, 2018
- ◆ *Songkran Festival Day** April 11-17, 2018
- ◆ *Royal Ploughing Ceremony Day** May 14, 2018
- ◆ Last day of class May 20, 2018
- ◆ **Final Examination Period** **May 21 – June 2, 2018**

* *Holiday, No classes during this period*