B.E. International Program

Faculty of Economics, Thammasat University

Course Syllabus

EE212 PRINCIPLES OF MACROECONOMICS (SECTION 046401)

Semester 2/2018 (January 14 – May 12, 2019)

Number of credits: 3 credits (3-0-6)

Lecture Time: Section 046401: Tuesday and Thursday, 09.30 – 11.00 hours

Lecture Venue: Section 046401: Room 202 Faculty of Economics

Instructor: **Section 046401:** Dr. Sicha Thubdimphun

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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:

Prerequisites: For economics major students who plan to transfer to the economics major

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 defense.

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 7.00 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.

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 sustenainable 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 analsyis 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.

Teaching Plans

Date	Topic	Reading
15, 17 Jan	**Topics:** 1. **Introduction to Macroeconomics (3 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, ch. 5, 7; LRS, ch. 1, 2, 19, 31; Mankiw ch. 1, 2, 23
22, 24, 29 Jan	**2. National Income and National Product (3 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, ch. 6; LRS, ch.20, Mankiw ch. 10, 11
31 Jan, 5, 7, 12, 14, 21 Feb	**3. National Income and Equilibrium Determination (10.5 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	Read: Case & Fair, ch. 6; LCR, ch.21, 22

	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 3.2.3 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	
26, 28 Feb	**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
12, 14 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. 16
19, 21, 26 , 28 Mar 2, 4 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	Read Froyen, ch. 7

	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	
9, 11 April	**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
23, 25, 30April 2 May	**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, ch. 12, 13; Froyen, ch. 8, ch. 10; LRS, ch. 23, 24, 25, 30; Mankiw ch. 20, 21, 22

7 May	**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, ch. 20; LRS, ch. 34, 35, Froyen ch. 14, Mankiw ch. 18

Remarks:

- **Mid-Term Examination Period March 4 - 9, 2019**

  (Thursday, March 7, 2019, 09.00 - 11.00 hrs.)

- **Final Examination Period May 13 – 30, 2019**

  (Tuesday, May 21, 2019, 09.00 – 12.00 hrs.)

ACADEMIC CALENDAR SEMESTER 2/2018

Event	Semester 2 (January - June 2019)
Pre-Registration period (BE Portal)	October 29 - November 1, 2018
Course Registration (Reg TU)	November 20 - 23, 2018
Payment	November 20 - 26, 2018
Classes Begin	January 14, 2019
Adding and Dropping Courses W/O Record	January 14 - 28, 2019
Payment	January 14 - 29, 2019
*Makha Bucha Day**	*February 19, 2019*
Mid-term Examination Period	March 4 - 9, 2019
Course Withdrawal With "W"	March 20 - 25, 2019
*Chakri Memorial Day**	*April 6, 2019*
*Substitution for Chakri Memorial Day**	*April 8, 2019*
*Songkran Festival Day**	*April 12 - 18, 2019*
Last Day of Classes	May 12, 2019
Final Examination Period	May 13 - 17, 21 - 30, 2019

Remark:

* Holiday, No classes during this period