

HE1002 –PRINCIPLES OF MACROECONOMICS

Semester 1, 2014/2015

Course Description and Scope

Macroeconomics is the study of issues that affect the economy as a whole. This course starts with the definition and measurement of three major concerns in macroeconomics: national output, unemployment and inflation. The core of the course explores three important questions: What causes unemployment? What causes inflation? And what are the impacts of fiscal policy and monetary policy on short-run output? In addition, students will be introduced to the determinants of long-run economic growth and the macroeconomic impact of exchange rate and foreign trade. The course aims to provide students with a sound understanding on the structure and functioning of the economy as a whole. As a result, students will learn to apply macroeconomic principles to analyze real-world events, and develop interests in studying these issues further in more advanced macroeconomic courses.

Textbooks

The main textbook is *Principles of Macroeconomics*, any edition from 8th to 11th, by Karl Case, Ray Fair and Sharon Oster, Pearson Prentice Hall (NTU Library Call Number: HB172.5.C337). Besides, *Principles of Macroeconomics*, by Gregory Mankiw is highly recommended for extensive reading. Students with a strong theoretical preference and mathematical background are suggested to enjoy the textbook of *Macroeconomics*, by Andrew B. Abel, Ben S. Bernanke and Dean Croushore.

Materials

Lecture notes and tutorial questions will be uploaded in EdveNTure the day before the lectures; tutorial answers will be uploaded the day after the tutorials.

Method of Instruction

Lectures: 2 hours per week, Thursday, lecturer presentation

Tutorials: 1 hour per week, Friday, group presentation + lecturer instruction

Course Assessment

Final examination: 60%

Tutorial presentation: 20%

Quiz: 10%

Participation: 10%

Coordinator/Lecturer/Tutor

Assistant Professor Guiying Laura Wu

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Tutor: Chanbora Ek; Email: EKCH0002@e.ntu.edu.sg

Three Ways to Make Consultation

Stop me after lectures or tutorials for quick questions or clarification.

Send me an email for longer questions.

Come to my office if you have many questions. Please make an appointment via email first.

Syllabus

week	Date	Lecture	Date	Tutorial
1	Aug 14	1 INTRODUCTION TO MACROECONOMICS 1.1 Introduction to macroeconomics 1.2 Measuring national output and national income	Aug 15	NO TUTORIAL
2	Aug 21	2 LONG-RUN AND SHORT-RUN CONCERNS 2.1 Unemployment 2.2 Inflation 2.3 Long-run output and productivity growth	Aug 19 Aug 22	GROUPING
3	Aug 28	3 AGGREGATE EXPENDITURE AND EQUILIBRIUM OUTPUT 3.1 Consumption and planned investment 3.2 Equilibrium aggregate output 3.3 The multiplier	Aug 26 Aug 29	for Lecture 1, 2
4	Sep 4	4 GOVERNMENT AND FISCAL POLICY 4.1 Government in the economy 4.2 Fiscal policy and the multiplier effects 4.3 Economy's influence on government budget	Sep 2 Sep 5	for Lecture 3
5	Sep 11	5 MONEY SUPPLY 5.1 How Banks create money? 5.2 The Federal Reserve System 5.3 How Fed controls the money supply?	Sep 9 Sep 12	for Lecture 4
6	Sep 18	6 MONEY DEMAND 6.1 Interest rates and the bond prices 6.2 The demand for money 6.3 Equilibrium interest rate	Sep 16 Sep 19	for Lecture 5
7	Sep 25	QUIZ		NO TUTORIAL
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8	Oct 9	7 EQUILIBRIUM IN GOODS & MONEY MARKETS 7.1 Planned investment and interest rate 7.2 Equilibrium in both goods market and money market 7.3 The <i>IS-LM</i> model	Oct 7 Oct 10	for Lecture 6
9	Oct 16	8 AGGREGATE DEMAND & AGGREGATE SUPPLY 8.1 Aggregate demand curve and supply curve 8.2 Equilibrium price level 8.3 Causes of inflation	Oct 14 Oct 17	for Lecture 7
10	Oct 23	9 LABOR MARKET AND UNEMPLOYMENT 9.1 Explaining unemployment 9.2 Link between unemployment rate and inflation	Oct 21 Oct 24	for Lecture 8
11	Oct 29	10 DEBATES IN MACROECONOMICS AND LONG-RUN ECONOMIC GROWTH 10.1 Monetarism, new classical economics and supply-side economics 10.2 Sources of long-run economic growth	Oct 28 Oct 31	for Lecture 9
12	Nov 6	11 OPEN-ECONOMY MACROECONOMICS 11.1 Balance of payments 11.2 Equilibrium output in an open economy 11.3 The open economy with flexible exchange rates	Nov 4 Nov 7	for Lecture 10
13	Nov 13	12 REVISION AND Q&A	Nov 11 Nov 14	for Lecture 11

