



**UNIVERSITAS INDONESIA
FAKULTAS EKONOMI & BISNIS
DEPARTEMEN ILMU EKONOMI
PROGRAM STUDI S-1 REGULER DAN
PROGRAM STUDI S-1 INTERNASIONAL**

**SYLLABUS
MACROECONOMICS 1 (ECEU600201)
Even Semester 2020/2021**

No	Lecturers	Assistants
1	Widyanti Soetjipto (Koord.)	Rudy Firmansyah
2	Muliadi Wijaja (English)	Stevannie Gunawan
3	M. Shauqie Azar (<i>English</i>)	Ivana
4	Tirta Hidayat	Kuratul Aini
5	Prani Sastiono/Amalia (English)	Calvin Aryaputra

Subject Code	ECEU600201
Subject Title	MACROECONOMICS 1
Credit Value	3
Year/Semester	I/2
Subject Type	Compulsory (Faculty)
Pre-requisite/ Co-requisite/ Exclusion	Pre-requisite: Introductory Macroeconomics (Principles of Economics Part 2)
Role and Purposes	This subject aims to provide an understanding of development in Macroeconomics theory and issues. The main topics covered in this subjects are: macroeconomic indicators, the fundamental of aggregate supply and demand-both in the closed economy and open economy. In addition, it also introduces growth theories, a wide range of applications and various macroeconomic policies in the context of the Indonesian economy. The learning methods used are active learning. Discussion on the materials use approaches of quantitative and graphical analysis, and also using empirical case studies.

Subject Learning Outcomes	Objectives of the Subject :		
	1. Hard Skills (related to increased cognitive ability)		
	2. Explain main indicators and data of macroeconomics; GDP, inflation, and unemployment - (C2, A2).		
	3. Explain classical macroeconomic theory: national income - (C2, A2).		
	4. Explain classical macroeconomic theory: money and inflation - (C2, A2).		
	5. Apply short-run business cycle theory on goods and money market, aggregate demand and aggregate supply in both close and open economy - (C3, A3).		
	6. Apply the aggregate supply model – (C3, A3).		
	7. Apply growth theory in macroeconomics - (C3, A3).		
	8. Apply long run macroeconomic theory in open economy - (C3, A3).		
	9. Apply long run macroeconomic theory in open economy for unemployment issue - (C3, A3).		
	10. Apply consumption theories in macroeconomics -(C3, A3).		
	11. Apply investment theories in macroeconomics -(C3, A3).		
	12. Discuss issues and debate in macroeconomic policies -(C3, A3).		
	Soft Skills (related to personality development)		
	i) Developing qualitative analytical skill		
	ii) Development of presentation skills / public speaking		
	iii) The development of group collaboration skills		
	iv) There Developing confidence / morbidly		
	AACSB Learning Goal (LG) and Learning Objective (LO)		
	(LG 7) GENERAL KNOWLEDGE OF ECONOMICS: Students understand economics concept	7.1. Demonstrate knowledge in theories of Economics	7.1.4. Explain the different types of macroeconomic theories
			7.1.5. Apply mathematical approach to explain macroeconomics issues

Main References

Blanchard, Oliver, 2017, Macroeconomics, Seventh Edition, Pearson Education

Mankiw, N Gregory, 2016, Macroeconomics, Ninth Edition, Worth Publishers, NY

WEEK	TOPICS/SUB TOPICS	REFERENCES
	PART I. INTRODUCTION	
1	<p>Topic 1. Introduction: Understanding What Is Macroeconomics, Macroeconomic Accounts & Indicators, Data Measurements, and Current Macroeconomic Condition</p> <p>1.1. What is macroeconomics and how this syllabus proceeds it</p> <p>1.2. Global Financial Crisis and current macroeconomic condition based on latest data and news: Indonesia, the three largest economies (US, EU, and China), and two countries from other developing countries.</p> <p>1.3. Review of National Income Accounting</p> <p>1.4. Introducing Balance of Payment, Government Budget, and Monetary & Financial Account</p> <p>1.5. Review of Macroeconomic Indicators (growth, inflation, and unemployment); Introducing Labor Productivity, the Okun's Law and the Phillips Curve</p> <p>1.5. Introducing the differences of economy under the Short Run, the Medium Run, and the Long Run</p> <p>1.6. Connecting the main book structure and our syllabus structure</p> <p>1.7. Introduction to Economic Fluctuation (The Goods Market and Financial Market)</p> <p>1.8. Q&A</p>	<p>Blanchard (Chapter 1 & 2, and Introducing Chapter 3)</p> <p>Mankiw (Chapter 1, 2 and 10)</p>
	PART II. THE CORE OF MACROECONOMICS	
2	<p>Topic 2: The Short Run in A Closed Economy</p> <p>2.1. Review of The Goods Market and Financial Market</p> <p>2.1.1. Demand for Goods and The Determination of Equilibrium Output</p>	<p>Blanchard (Review Chapter 4, and Deeper on</p>

	<p>2.1.2. Money Demand, Money Supply, and Determining Interest Rate.</p> <p>2.2. The IS-LM Model</p> <p>2.3.The extended IS-LM Model by Introducing broader Financial Market</p> <p>2.4. Q&A</p>	<p>Chapter 5 and 6)</p> <p>Mankiw (Chapter 11 and 12)</p>
3	<p>Topic 3: The Medium Run</p> <p>3.1.Introduction of Labor Market and Unemployment</p> <p>3.2.Wage Determination</p> <p>3.3.The Natural Rate of Unemployment</p> <p>3.4.Inflation, Expected Inflation, and Unemployment</p> <p>3.5.The Phillips Curve</p>	<p>Blanchard (Chapter 7and 8)</p> <p>Mankiw (Chapter 5, 7 and 14)</p>
4	<p>Topic 4: From the Short Run to the Medium</p> <p>4.0. Revisited of the Short Run</p> <p>4.1. The IS-LM-PC Model</p> <p>4.2. Dynamics and the Medium Run Equilibrium</p> <p>4.3. The effects of an increase in the price of oil</p> <p>4.4. Current Indonesia and world labor market condition based on data and news</p> <p>4.5. Introducing the Long Run</p> <p>4.6.Q&A</p>	<p>Blanchard (Chapter 9 and 10)</p> <p>Mankiw (Chapter 15)</p>
5	<p>Topic 5: The Long Run</p> <p>5.1.Standar of living across countries: rich vs. poor countries</p> <p>5.2.Interaction between output and capital accumulation</p> <p>5.3.Saving rate, investment, output, and consumption</p> <p>5.4.Physical vs. Human Capital</p> <p>5.5. Introducing Endogenous Growth</p>	<p>Mankiw (Chapter 8)</p> <p>Blanchard (Chapter 10 and 11)</p>

	5.6 Q&A	
6	Topic 6: The Long Run: Technological Progress 6.1. Technological Progress and the rate of growth 6.2. Determinant of Technological Progress 6.3. Institution, Technological Progress, and Growth 6.4. Total Factor Productivity (TFP) 6.5. Technological Progress in the Short Run, the Medium Run, and the Long Run 6.6. Anticipated policies and business responses 6.7. Long term Indonesia and world economic growth and development 6.8. Q&A	Mankiw (Chapter 9) Blanchard (Chapter 12 and 13)
7	Topic 7: Going Deeper on the Role of Expectation in Financial Markets 7.1. Expected Present Discounted Value 7.2. The Bond Market 7.3. The Stock Market 7.4. Risk, Bubbles, Fads, and Asset Prices 7.5. Q&A	Blanchard (Chapter 14) Mankiw (Chapter 14)
MID EXAM		
PART III: MACROECONOMICS AND FINANCE		
8	Topic 8: The Role of Expectation in Consumption, Investment, Output and Policy 8.1. Expectation in Consumption and Investment 8.2. Volatility of Consumption and Investment 8.3. Expectation and Aggregate Demand Analysis 8.4. Expectation and Macroeconomic Policies (Monetary Policy and Fiscal Policy)	Blanchard (Chapter 15 and 16) Mankiw (Chapter 14)

	<p>8.5. Policies and Business Response</p> <p>8.6. Current condition of Indonesian Stock and Bond Market based on latest data and news</p>	
9	<p>Topic 9: The Short Run in An Open Economy</p> <p>9.1. Open economy and economic fluctuation</p> <p>9.2. Law of One Price, Purchasing Power Parity, Nominal Exchange Rate, Real Exchange Rate (RER), Real Effective Exchange Rate (REER), and Uncovered Interest Parity Relation (Interest Parity Condition).</p> <p>9.3. Openness in Goods Market and Financial Market</p> <p>9.4. Further Extension on the Goods Market in an Open Economy</p> <p>9.5. IS-LM Model in an open economy</p> <p>9.6. Introducing Fixed Exchange Rates (Pegs, Crawling Pegs, Bands, EMS)</p> <p>9.7. Monetary and Fiscal Policy in an open economy under fixed and flexible exchange rate</p> <p>9.8. Current goods market and financial market based on latest data and news from Indonesian and world economy</p> <p>9.9. Q&A</p>	<p>Blanchard (Chapter 17, 18, and 19)</p> <p>Mankiw (Chapter 13)</p>
10	<p>Topic 10: Going Deeper on Exchange Rate Regime</p> <p>10.1. Exchange Rate, Short Run, and Medium Run</p> <p>10.2. Exchange Rate Crises under Fixed Exchange Rate</p> <p>10.3. Exchange Rate Movement under Flexible Exchange Rate</p> <p>10.4. Choosing Exchange Rate Regime</p> <p>10.5. Asian Financial Crises in 1997/1998: From exchange rate crisis into Financial and Economic Crisis</p> <p>10.6. Q&A</p>	<p>Blanchard (Chapter 20)</p> <p>Mankiw (Chapter 6 and 13)</p>
11	<p>Topic 11: Going Deeper on Policy and Policy Maker</p>	<p>Blanchard (Chapter 21)</p>

	11.1. Uncertainty and Policy 11.2. Expectation and Policy 11.3. Politics and Policy 11.4. Current Debate of Macroeconomic Policies in Indonesia based on latest data and news 11.5. Q&A	Mankiw (Chapter 18)
12	Topic 12: Revisited Fiscal and Monetary Policy 12.1. <i>Fiscal Policy</i> 12.1.1. The government budget constraint: deficit, debt, spending, and taxes 12.1.2. Ricardian Equivalence 12.1.3. The Dangers of High Debt 12.2. <i>Monetary Policy</i> 12.2.1.. From money targeting into inflation targeting 12.2.2. The optimal inflation rate 12.2.3. Monetary Policy and Financial Stability 12.2.4.. Current Debate of Macroeconomic Policies in the World based on latest data and news 12.3. Q&A	Blanchard (Chapter 22 and 23) Mankiw (Chapter 18 and 19)
	PART IV: CONTEMPORARY MACROECONOMICS ISSUES	
13	Topic 13: Lesson Learned from Great Depression and Some Financial Crises 13.1. <i>Great Depression</i> 13.1.1. Cause of Great Depression: Spending Hypothesis, Money Hypothesis, and Protectionism Hypothesis 13.1.2. Liquidity Trap and Deflation 13.1.3.. Lesson learned from Great Depression 13.2. <i>Global Financial Crises</i> 13.2.1. Global Imbalances	Blanchard (Chapter 6.5 and Chapter 9.3, box) Mankiw (Chapter 12.3 and 20)

	<p>13.2.2.Capital-Flow Driven Vulnerability</p> <p>13.2.3.Effect of Commodity Boom</p> <p>13.2.4.Negative Interest Rate Policy</p> <p>13.2.5.Introducing Global and Regional Financial Institution</p> <p>13.2.6.Global Financial Crisis 2008: Impact and Response from Indonesia and the World</p> <p><i>13.3. Other Financial Crisis</i></p> <p>13.4. Q&A</p>	
	PART V: CLOSURE	
14	<p>Topic 14: The Big Picture and The Rise of Behavioral Macroeconomics</p> <p>14.1.The Story of Macroeconomics from Keynes, Neoclassical Synthesis, The Rational Expectation, New Classical Economics, Real Business Cycle, New Keynesian, New Growth Theory, and DSGE (Dynamic Stochastic General Equilibrium)</p> <p>14.2. The rising of Behavioral Macroeconomics</p> <p>14.3. Important Lessons of Macroeconomics</p> <p>14.4. Q&A</p>	<p>Blanchard (Chapter 24)</p> <p>Mankiw (Chapter Epilogue)</p>
FINAL EXAM		

Teaching/Learning Methodology	<p>Teaching method uses active lecturing and class discussions, in which students achieve the study objectives by discussing and completing related problems or cases under the guidance of lecturer and tutor. The problems and cases are taken from the textbook and other sources.</p> <p>Participation: Individually, each student is required to participate actively in teaching and learning, in the form:</p> <ol style="list-style-type: none"> 1. Ask questions in accordance with the topic. 2. Prepare yourself to answer questions. 3. Discuss issues related to the topic. <p>To be eligible, students must read the textbooks and other materials provided.</p>
-------------------------------	---

	Attendance: Minimum 80% of Total Lecture: 1. A maximum of 3 (three) times absent, for no reason. 2. Students who came 15 minutes after class begins is considered not present.				
Assessment Method in Alignment with Intended Learning Outcomes		Description	SIAK NG	SIANSI (AACSB)	
				Traits 1	Traits 2
		Mid Examination	30%	30%	70%
		Final Examination	30%	70%	30%
		Group and/or Individual Assessments	30%		
		Tutorial	10%		
		Total	100	100	100

Details of learning methods	The specific learning methods used in this subject are: 1. Class Discussion 2. Lecturing 3. Learning Cooperation (collaborative learning)		
Schedule of Assistance or Lab (similar to the schedule of teaching faculty)	Tutorials will be held 10 times in this semester. Tutor will give assignments, homework and quizzes that its weight has been determined at the previous point.		
Student Study Effort Expected	Class contacts:		
	Lectures		20 Hours
	Tutor		20 Hours
	Collaborative Learning		10 Hours
	Presentation		5 Hours
	Other student study effort outside the class:		
	Preparation for assignment/tests		10 Hours
Reading List and References	Required Readings: 1. Blanchard , Oliver, 2017, Macroeconomics, Seventh Edition, Pearson Education 2. Mankiw , N Gregory, 2016, Macroeconomics, Ninth Edition, Worth Publishers, NY		
Plagiarism	Students should maintain originality and respect intellectual property rights. Therefore, students should avoid conducting any act of plagiarism when doing		

	<p>written assignments (if any), which may take a form of short individual / group paper and / or summary.</p> <p>The followings are acts of plagiarism:</p> <ul style="list-style-type: none"> • Copying paragraphs, sentences, a single sentence, or even a significant part of a sentence directly without enclosing them in quotation marks and appropriately footnoted; • Using and / or developing other's ideas found in printed materials or film elsewhere without explicitly referencing them to the respective author or the source of the idea. <p>Plagiarism is a serious infringement of intellectual property rights. Any assignment that contains presumed plagiarism will be marked 0 (zero).</p> <p>Since students are required to write group papers, students should sign a Statement of Authorship and attach it to their papers before paper submission. The form of Statement of Authorship is available at the Resource Center of the Program. Lecturer(s) and / or tutor(s) will refuse to mark any paper that has no signed Statement of Authorship attached.</p> <p>In addition, students should ask for cover sheet from the Resource Center of the Program for any assignment submitted.</p> <p>Sanction for plagiarism :</p> <ul style="list-style-type: none"> ▪ First time: paper will be grade F ▪ Second time: final grade for the specific course will be grade F ▪ Third time: expelled from Department of Economics FEB UI
--	--

Rubric for Problems

Example: The following equations describe an economy.

$$\begin{aligned} Y &= C + I + G \\ C &= 120 + 0.5(Y - T) \\ I &= 100 - 10r \\ G &= 50 \\ T &= 40 \\ \left(\frac{M}{P}\right)^d &= Y - 20r \\ M &= 600 \\ P &= 2 \end{aligned}$$

- a) Identify each of the variables and briefly explain their meaning.
- b) From the above list, use the relevant set of equations to derive the IS curve. Graph the IS curve on an appropriately labeled graph.
- c) From the above list, use the relevant set of equations to derive the LM curve. Graph the LM curve on the same graph you used in part (b).
- d) What are the equilibrium level of income and equilibrium interest rate?

Criteria

Traits	Unsatisfactory/ Unacceptable (1)	Satisfactory/ Successful (2)	Exemplary/ Distinguished (3)
LG: Basic Competence / LO 1: Apply technical competence in basic economics			
(T1) Explain the different types of macroeconomic theories.	Cannot explain the different types of macroeconomic theories.	Fairly explain the different types of macroeconomic theories.	Able to explain the different types of macroeconomic theories comprehensively.
LG: Basic Competence / LO 3: Apply basic quantitative methods by using appropriate tools			
(T2) Apply mathematical approach to explain macroeconomics issues	Cannot apply mathematical approach to explain macroeconomics issues	Fairly apply mathematical approach to explain macroeconomics issues	Able to apply mathematical approach to explain macroeconomics issues