COURSE CONTENT

Course Coordinator  Wu Guiying Laura
Course Code        HE1002
Course Title       Macroeconomic Principles
Pre-requisites     NIL
No of AUs           3
Contact Hours      39 hours (2 hours Lecture & 1 hour Tutorial per week)

Course Aims

The course aims to provide first-year college students with a sound understanding on the structure and functioning of the economy as a whole. As you are taking an introductory course, you are not expected to have any prior knowledge in economics. Instead, the principles you learn from this course will provide a solid foundation and develop a strong interest for your further study of intermediate and advanced macroeconomics.

Intended Learning Outcomes (ILO)
By the end of this course, you should be able to:

1. Explain the stylized facts and basic concepts in macroeconomy
2. Describe the three major concerns to macroeconomists in a critical way
3. Examine the equilibrium in three markets using core macroeconomic theory
4. Evaluate the impact of fiscal and monetary policies on economic outcomes
5. Appreciate alternative views in macroeconomic theory
6. Apply the macroeconomic principles to analyse real-world events
7. Collaborate with other team members to produce effective presentations

Course Content

Macroeconomics is the study of issues that affect the economy as a whole.

1. This course starts with the definition and measurement of three major concerns in macroeconomics: national output, unemployment and inflation.
2. 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?
3. In addition, you will be introduced to the determinants of long-run economic growth and the macroeconomic impact of exchange rate and foreign trade.
Assessment (includes both continuous and summative assessment)

- Mid-term class quiz : 10%
- Tutorial presentation : 30%
- Participation : 10%
- Final Examination : 50%
- Total : 100%

Reading and References

The main textbook is *Principles of Macroeconomics*, any edition from 8th to 12th, by Karl Case, Ray Fair and Sharon Oster, Pearson Prentice Hall (NTU Library Call Number: HB172.5.C337). In the weekly schedule below, this textbook is referred as CFO and the chapter numbers are from the 10th edition.

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.

From time to time, I will also upload sources of useful dataset, news from media and opinions from renowned economists on topical macroeconomic issues that are closed related to our course to NTULearn under the category of “For those who are interested”. This implies that such content will not appear in your final exam or mid-term quiz. Instead it links what you have learned from this course to the real world examples, making macroeconomic principles relevant, interesting and useful, and helping you to appreciate the power and beauty of economic theory.

Course Instructors

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<tr>
<th>Instructor</th>
<th>Office Location</th>
<th>Phone</th>
<th>Email</th>
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<tbody>
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Planned Weekly Schedule

<table>
<thead>
<tr>
<th>Week</th>
<th>Topic</th>
<th>ILO</th>
<th>Readings/ Activities</th>
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<tbody>
<tr>
<td>Week 1</td>
<td>1 INTRODUCTION TO MACROECONOMICS</td>
<td>1</td>
<td>Read CFO chapter 5 and 6; No tutorial</td>
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<tr>
<td></td>
<td>1.1 Introduction to macroeconomics</td>
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<td>1.2 Measuring national output and income</td>
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<td>Week 2</td>
<td>2 LONG-RUN AND SHORT-RUN CONCERNS</td>
<td>1, 2, 6, 7</td>
<td>Read CFO chapter 7; Self-introduction and grouping</td>
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<tr>
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<td>2.1 Unemployment</td>
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<td>2.2 Inflation</td>
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<td>2.3 Long-run output and productivity growth</td>
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<td>Week 3</td>
<td>3 AGGREGATE EXPENDITURE AND EQUILIBRIUM OUTPUT</td>
<td>1-3, 6, 7</td>
<td>Read CFO chapter 8; Group presentation for Lecture 1 and 2</td>
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<td>3.1 Consumption and planned investment</td>
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<td>3.2 Equilibrium aggregate output</td>
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<td>3.3 The multiplier</td>
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| Week 4 | 4 GOVERNMENT AND FISCAL POLICY  
4.1 Government in the economy  
4.2 Fiscal policy and the multiplier effects  
4.3 Government budget and debt | 1-4, 6, 7 | Read CFO chapter 9;  
Group presentation for Lecture 3 |
| Week 5 | 5 MONEY SUPPLY  
5.1 How Banks create money?  
5.2 The Federal Reserve System  
5.3 How Fed controls the money supply? | 1-4, 6, 7 | Read CFO chapter 10;  
Group presentation for Lecture 4 |
| Week 6 | 6 MONEY DEMAND  
6.1 Interest rates and the bond prices  
6.2 The demand for money  
6.3 Equilibrium interest rate | 1-4, 6, 7 | Read CFO chapter 11;  
Group presentation for Lecture 5 |
| Week 7 | 7 EQUILIBRIUM IN GOODS & MONEY MARKETS  
7.1 Planned investment and interest rate  
7.2 Equilibrium in goods and money markets  
7.3 The IS-LM model | 3, 4, 6, 7 | Read CFO chapter 12;  
Group presentation for Lecture 6 |
| Recess week | NO LECTURE | NO TUTORIAL |
| Week 8 | QUIZ | 1 - 4 | Revision |
| Week 9 | 8 AGGREGATE DEMAND & AGGREGATE SUPPLY  
8.1 Aggregate demand curve and supply curve  
8.2 Equilibrium price level  
8.3 Causes of inflation | 1-4, 6, 7 | Read CFO chapter 12 and 13;  
Group presentation for Lecture 7 and quiz questions |
| Week 10 | 9 LABOR MARKET AND UNEMPLOYMENT  
9.1 Explaining unemployment  
9.2 Link between unemployment and inflation | 1-4, 6, 7 | Read CFO chapter 14;  
Group presentation for Lecture 8 |
| Week 11 | 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 | 1-5, 6, 7 | Read CFO chapter 17 and 18;  
Group presentation for Lecture 9 |
| Week 12 | 11 OPEN-ECONOMY MACROECONOMICS  
11.1 Balance of payments  
11.2 Equilibrium output in an open economy  
11.3 Open economy with flexible exchange rates | 1-4, 6, 7 | Read CFO chapter 20;  
Group presentation for Lecture 10 |
| Week 13 | 12 REVISION AND Q&A | 1-7 | Practice with mock final exam paper;  
Group presentation for Lecture 11 |