

## **GT 2022 / GT1212 MACROECONOMICS**

### **1.0 SYNOPSIS**

The objective of this course is to introduce the discipline of macroeconomics and to provide a basic understanding of how economies function in the macro context, using a blend of economic theory and real-world applications. The three main concerns of macroeconomics- economic growth, unemployment and inflation are addressed. After a brief introduction, the course proceeds with the basic functioning of the goods and money market, with a focus on the determination of equilibrium level. The roles of government's fiscal and monetary policies are included in the discussions. The goods and money markets are then brought together to derive the aggregate demand and aggregate supply curve. With these curves, the aggregate price level can be determined and various theories of inflation will be discussed. Following this, the course proceeds to examine the labor market and discuss various theories of unemployment. Finally, with the groundwork that has been laid, a number of current macroeconomic issues and debates will be analyzed.

### **2.0 OBJECTIVES**

- 2.1 To introduce the discipline of macroeconomics and to provide a basic understanding of how economies function in the macro context, using a blend of economic theory and real-world applications.
- 2.2 To analyze the effect of government's fiscal and monetary policies on the economy.
- 2.3 To discuss and analyze current macroeconomic issues in project paper, using macroeconomics theories learned from the course.

### **3.0 MAIN REFERENCE**

Case, K. and Fair, R. 2004. *Principles of Macroeconomics*. 7<sup>th</sup> edition. USA: Prentice Hall.

### **4.0 ADDITIONAL REFERENCES**

Bade, R. and Parkin, M. 2004. *Foundation of Macroeconomics*. 2<sup>nd</sup> edition. USA: Pearson Addison-Wesley.

Frank, R.H. and Bernanke, B.S. 2004. *Principles of Economics*. USA: McGraw-Hill.

O'Sullivan, A. and Sheffrin, S. 1998. *Macroeconomics: Principles and Tools*. USA: Prentice Hall.

McEachern, W.A. 1997. *Economics: A Contemporary Introduction*. 4<sup>th</sup> edition. South-Western College Publishing.

## 5.0 LECTURE SCHEDULE

| <b>Week</b> | <b>Topic</b>  | <b>Reference</b>         |
|-------------|---|--------------------------|
| 1           | Introduction to Macroeconomics  | C&F, Chp5                |
| 2           | Measuring national output and national income   | C&F, Chp6                |
| 3           | Growth, productivity, unemployment and inflation<br>Long run growth                   | C&F, Chp7<br>C&F, Chp18  |
| 4           | Aggregate expenditure and equilibrium output  | C&F, Chp8                |
| 5           | The government and fiscal policy  | C&F, Chp9                |
| 6           | The money supply and the federal reserve system                                       | C&F, Chp10               |
| 7           | Money demand, the equilibrium interest rate, and monetary policy                      | C&F, Chp11               |
| 8           | Money, the interest rate and output: analysis and policy                              | C&F, Chp12               |
| 9           | Open-economy macroeconomics: the balance of payments and exchange rates               | C&F, Chp21               |
| 10          | Aggregate demand, aggregate supply and inflation                                      | C&F, Chp13               |
| 11          | The labor market, unemployment and inflation  | C&F, Chp14               |
| 12          | Macroeconomics issues and policy<br>The stock market and economy                      | C&F, Chp15<br>C&F, Chp16 |
| 13          | Debates in macroeconomics: monetarism, new classical theory and supply side economics | C&F, Chp19               |
| 14          | Revision  |                          |

## 6.0 PROJECT PAPER

Students are required to write up a project paper, in a group of **6-7** members. Every group can determine their own topic, as long as it is related to current macroeconomic issues. However, the topic must be approved by the lecturer or tutor of the course. Dateline for submission is on **5/2/2005** and any delay will not be entertained.

## 7.0 EVALUATION

|                            |      |
|----------------------------|------|
| Project Paper              | 25%  |
| Quiz                       | 5%   |
| Mid-term Exam              | 30%  |
| Final Exam (Comprehensive) | 40%  |
| <hr/>                      |      |
| Total                      | 100% |
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