
SYLLABUS

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| Date/ Revision | November 30, 2015 |
| Faculty | Business Administration |
| Approval | Dr. Samuel Prasetya |

SUBJECT : PRINCIPLES OF ECONOMICS 2 (MACROECONOMICS)

1. Identification of Subject:

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|-----------------|---|
| Name of Subject | : Principles of Economics 2 |
| Code of Subject | : ECON-1010 |
| SKS/ECTS | : 2/3 |
| Semester | : 2 |
| Study Program | : B-IBA/B-MGT/B-INR |
| Lecturers | : • Dr. Gita K Indahsari • Dr. I Made Artika |

2. Competency

After having the course, students are expected to:

- Understand long-run and short-run determinants of a nation's gross domestic product, and how the economy is doing as we go about our lives.
- Understand measurements of the overall level of prices in the economy and how they use price indexes to correct economic variables for the effects of inflation.
- Understand the causes and costs of inflation.
- Understand determinants of the standard of living in a nation and how policymakers can endeavor to raise the standard of living through policies that promote economic growth.
- Explain shifts in supply or demand in financial markets as we do in other markets.
- Understand measurements of unemployment and the reasons economies always experience some degree of unemployment.
- Understand the important role of the monetary system in our daily lives. How the central bank must maintain strict control over the money supply.
- Understand how a nation's trade balance is related to the international flow of capital and how national saving can differ from domestic investment in an open economy.
- Understand the meaning of the nominal and real exchange rates, as well as the implications and limitations of purchasing power parity as a theory of how exchange rates are determined.
- Describe the long-run effects of monetary and fiscal policy, how fiscal policy influences saving and investment, long-run growth, and how monetary policy influences the price level and the inflation rate.
- Explain the short-run effects of monetary and fiscal policy, and how these policy instruments can change the aggregate demand for goods and services and alter the economy's production and employment.

3. Description of Subject:

The course introduces the basic concepts and principles of macroeconomics as the study of economy as a whole. The goal of macroeconomics is to explain the economic changes that affect many households, firms, and markets simultaneously.

Major emphasis is to provide fundamental of macroeconomics theory for decision making managers of firms related to the country's economy, national output, inflation, unemployment, fiscal, monetary policies and world global view. These topics through in-class presentations, group discussions, readings (from both text and on-line sources), exercises (both individual and group-based), and a variety of graded assignments and tests.

4. Learning Approach

Approach : Combination of Expository - inquiry and collaborative
 Method : Discussions, questions/answers, sample problems/cases, group works
 Student Task : Home work, presentation
 Media : LCD projector

5. Evaluation

Maximum absences : 25%
 Projects (individual & group) : 20 points
 Presentation : 10 points
 Quizzes : 10 points
 Final Examination : 60 points
 Total : 100 points

6. Contents/Topics of Lecturing

| Week | Content/ Topics of Lecturing | Text Book Chapter | Remark |
|------|--|-------------------|--------|
| 1 | Measuring a Nation's Income <ul style="list-style-type: none"> • Macroeconomics at Glance • The Economy's Income and Expenditure • The Measurement of Gross Domestic Product • The Components of GDP • Real versus Nominal GDP | Ch 23 | |
| 2 | Measuring the Cost of Living <ul style="list-style-type: none"> • The consumer price index (CPI) • Correcting Economic Variables for the Effects of Inflation | Ch 24 | |
| 3 | Production and Growth <ul style="list-style-type: none"> • Economic growth around the world. • Productivity: Its Role and Determinants • Economic Growth and Public Policy | Ch 25 | Quiz |

| Week | Content/ Topics of Lecturing | Text Book Chapter | Remark |
|-------|---|-------------------|--------|
| 4 | Saving, Investment, and The Financial System <ul style="list-style-type: none"> • Saving and Investment in the National Income Accounts • The Market for Loanable Funds | Ch 26 | |
| 5 | Unemployment <ul style="list-style-type: none"> • Identifying Unemployment • Minimum-Wage Laws • Unions and Collective Bargaining | Ch 28 | Quiz |
| 6 | Money Growth and Inflation <ul style="list-style-type: none"> • The Meaning of Money • Banks and the Money Supply • The Classical Theory of Inflation • The Costs of Inflation • Trade-off between Inflation and Unemployment | Ch 29, 30, 35 | |
| 7 | Group Presentation & Review <ul style="list-style-type: none"> • Materials from Week 1 until week 6 | | |
| 8 | Semester Break | | |
| 9,10 | The Macroeconomics of Open Economies <ul style="list-style-type: none"> • The International Flows of Goods and Capital • Real and Nominal Exchange Rates • Equilibrium in the Open Economy • How Policies and Events Affect an Open Economy | Ch 31, 32 | Quiz |
| 11,12 | Economics Fluctuation and Policy <ul style="list-style-type: none"> • Three Key Facts about Economic Fluctuations • Explaining Short-Run Economic Fluctuations • Two Causes of Economic Fluctuations • Using Policy to Stabilize the Economy | Ch 33, 34 | Quiz |
| 13,14 | Group Presentation & Review <ul style="list-style-type: none"> • Materials from Week 9 until week 12 | | |
| 15 | Semester Break | | |
| 16 | Final Examination | | |

7. Book Reference:

- a) **Main Text Book:** *“Principles of Economics” - 2014, An Asian Edition.* , Authors **N. Gregory Mankiw, Euston Quah and Peter Wilson.** **Publisher:** Delmar, Cengage Learning, **ISBN-13:** 978-981-4227-87-2.
- b) **Supplement Textbooks:** *“The Economy Today”*, Author: **Bradley R. Schiller, Cynthia Hill, Sherri Wall.** **Publisher:** Longman; ISBN: 0073523216