
LESSON PLAN

Date/ Revision November 30, 2015
Faculty Business and Social Sciences
Approval Dr. Samuel Prasetya

SUBJECT : PRINCIPLES OF ECONOMICS 2 (MACROECONOMICS)

1. Identification of Subject:

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.	Ch 25	Quiz

Week	Content/ Topics of Lecturing	Text Book Chapter	Remark
	<ul style="list-style-type: none"> Productivity: Its Role and Determinants Economic Growth and Public Policy 		
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:

- **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.
- **Supplement Textbooks:** *“The Economy Today”*, Author: **Bradley R. Schiller, Cynthia Hill, Sherri Wall.** Publisher: Longman; ISBN: 0073523216

8. Detail of Lecturing Activity (LESSON PLAN):

WEEK	: 1
Duration	: 2 x 50 minutes
Topic	: Measuring a Nation's Income
Sub-Topic	: The Economy's Income and Expenditure The Measurement of Gross Domestic Product The Components of GDP Real versus Nominal GDP

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to:
 - Explain what macroeconomics is
 - Explain why an economy's total income equals its total expenditure
 - Explain how gross domestic product (GDP) is defined and calculated
 - Understand the breakdown of GDP into its four major components
 - Understand the distinction between real GDP and nominal GDP
- Supporting Competency.** The students are expected able to:
 - Explain whether GDP is a good measure of economic well-being
 - Explain international differences in GDP and the quality of life

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> • Introduce the course objective, regulation and policy • Introduce the Textbooks chap-23 	Group Formation	Lecturing
Delivery	<ul style="list-style-type: none"> • The Economy's Income and Expenditure • The Measurement of Gross Domestic Product • The Components of GDP • Real versus Nominal GDP 	<ul style="list-style-type: none"> • Listening into the Lecturer • Read the Text Book • Surf the web 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> • Inform the student the next 2nd meeting presentation and material 	<ul style="list-style-type: none"> • Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> • Evaluate the students activity 		

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
	during the lesson <ul style="list-style-type: none"> Evaluate and observe, how the students solve the problem 		
Reference	Text Book Chap- 23		

WEEK : 2
Duration : 2 x 50 minutes
Topic : Measuring the Cost of Living
Sub-Topic : The consumer price index (CPI)
Correcting Economic Variables for the Effects of Inflation

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to:
 - Explain how the consumer price index (CPI) is constructed
 - Explain why the CPI is an imperfect measure of the cost of living
 - Explain how to use a price index to compare currency figures from different times
 - Understand the distinction between real and nominal interest rates
- Supporting Competency.** The students are expected able to
 - Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce chapter 24 objectives 		Lecturing
Delivery	<ul style="list-style-type: none"> The consumer price index (CPI) Correcting economic variables for the effects of inflation 	<ul style="list-style-type: none"> Listening into the Lecturer Read the Text Book Surf the web 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> Inform the student the next 3rd meeting and quiz-1 material Give assessment / homework to the students 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> Evaluate the students activity during the lesson 		

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
	<ul style="list-style-type: none"> Evaluate and observe, how the students solve the problem 		
Reference	Text Book : Chapter 24		

WEEK : 3
 Duration : 2 x 50 minutes
 Topic : **Production and Growth**
 Sub-Topic : Economic growth around the world
 Productivity: Its Role and Determinants
 Economic Growth and Public Policy

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to:
 - Explain how much economic growth differs around the world
 - Explain why productivity is the key determinant of a country's standard of living
 - Explain the factors that determine a country's productivity
 - Explain how a country's policies influence its productivity growth
- Supporting Competency.** The students are expected able to:
 - Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce chapter 25 objectives 		Lecturing
Delivery	<ul style="list-style-type: none"> Economic growth around the world. Productivity: Its role and determinants Economic growth and public policy 	<ul style="list-style-type: none"> Listening into the Lecturer Read the Text Book Surf the web Do the quiz-1 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> Inform the student the next 4th meeting material 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> Evaluate the students activity during the lesson Evaluate and observe, how the 		

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
	students solve the problem		
Reference	Text Book : Chapter 25		

WEEK : 4
 Duration : 2 x 50 minutes
 Topic : Saving, Investment, and the Financial System
 Sub-Topic : Saving and Investment in the National Income Accounts
 Saving and Investment in the National Income Accounts

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to:
 - Explain how the financial system is related to key macroeconomic variables
 - Describe the model of the supply and demand for loanable funds in financial markets
 - Explain how government budget deficits affect the economy
- Supporting Competency.** The students are expected able to:
 - Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce the Chapter 26 objectives; Introduce the Demand and Supply Government Policies 	<ul style="list-style-type: none"> Listening into the Lecturer 	Lecturing
Delivery	<ul style="list-style-type: none"> Saving and investment in the national income accounts The market for loanable funds 	<ul style="list-style-type: none"> Listening into the Lecturer Read the Text Book Surf the web 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> Inform students the next 5th meeting and quiz-2 material Give assessment / homework to the students 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Evaluation	<ul style="list-style-type: none"> Evaluate the students activity during the lesson Evaluate and observe, how the students solve the problem 		
Reference	Text Book : Chapter 26		

WEEK : 5
 Duration : 2 x 50 minutes
 Topic : Unemployment
 Sub-Topic : Identifying Unemployment
 Minimum-Wage Laws
 Unions and Collective Bargaining

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to:
 - Understand the data used to measure the amount of unemployment
 - Explain how unemployment can result from minimum-wage laws
 - Explain how unemployment can arise from bargaining between firms and unions
 - Explain how unemployment results when firms choose to pay efficiency wages
- Supporting Competency.** The students are expected able to:
 - Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce chapter 28 objectives 		Lecturing
Delivery	<ul style="list-style-type: none"> Identifying unemployment Minimum-wage Laws Unions and collective bargaining 	<ul style="list-style-type: none"> Listening into the Lecturer Read the Text Book Surf the web Do the quiz-2 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> Inform the student the next 6th meeting material 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> evaluate the students activity during the lesson 		

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
	<ul style="list-style-type: none"> evaluate and observe, how the students solve the problem 		
Reference	Text Book : Chapter 28		

WEEK : 6
 Duration : 2 x 50 minutes
 Topic : Money Growth and Inflation
 Sub-Topic : The Meaning of Money
 Banks and the Money Supply
 The Classical Theory of Inflation
 The Costs of Inflation
 Trade-off between Inflation and Unemployment

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to:
 - Understand what money is and what functions money has in the economy
 - Understand what the reserve system is
 - Explain how the banking system helps determine the supply of money
 - Explain why inflation results from rapid growth in the money supply
 - Explain the various costs that inflation imposes on society
 - Explain trade-off between inflation and unemployment
- Supporting Competency.** The students are expected able to:
 - Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce chapter 29,30,35 objectives 		Lecturing
Delivery	<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 	<ul style="list-style-type: none"> Listening into the Lecturer Read the Text Book Surf the web 	Beamer/ LCD Black / White Board Students Laptop,

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Closing	<ul style="list-style-type: none"> Inform the student the next meeting material Inform the student the next 7th meeting presentation & draft-1 collection 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> Evaluate the students activity during the lesson Evaluate and observe, how the students solve the problem 		
Reference	Text Book : Chapter 29,30,35		

WEEK : 7

Duration : 2 x 50 minutes

Topic : **Group Presentation & Evaluation on the Previous Chapters**

Sub-Topic : Previous discussion (chapter 23, 24, 25, 26, 28, 29, 30)

Learning Outcomes of Lesson:

- Main Competency.** The students are expected able to understand and explain about the fundamentals of macroeconomics and its approaching
- Supporting Competency.** The students are expected able to finding the purposes and challenges of macroeconomics in daily life

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Review chapter 23, 24, 25, 26, 28, 29, 30 	<ul style="list-style-type: none"> Final Draft collection 	Lecturing
Delivery	<ul style="list-style-type: none"> Review chapter 23, 24, 25, 26, 28, 29, 30 	<ul style="list-style-type: none"> Group presentation & discussion 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> Inform the student the next materials and topics 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> evaluate the students activity during the lesson 		

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
	<ul style="list-style-type: none"> evaluate and observe, how the students solve the problem 		
Reference	Text Book chapter 23, 24, 25, 26, 28, 29, 30		

WEEK : 8 – Semester Break

WEEK : 9, 10

Duration : 2 x 2 x 50 minutes

Topic : The Macroeconomics of Open Economies

Sub-Topic : 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

Learning Outcomes of Lesson:

1. **Main Competency.** The students are expected able to:

- Explain how net exports measure the international flow of goods and services
- Explain how net capital outflow measures the international flow of capital
- Explain how saving, domestic investment, and net capital outflow are related
- Understand the meaning of the nominal exchange rate and the real exchange rate
- Understand purchasing-power parity as a theory of how exchange rates are determined
- Understand equilibrium in the open economy
- Explain how policies and events affect an open economy

2. **Supporting Competency.** The students are expected able to:

- Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce chapter 31,32 objectives 		Lecturing
Delivery	<ul style="list-style-type: none"> The international flows of goods and capital 	<ul style="list-style-type: none"> Listening into the Lecturer 	Beamer/ LCD Black / White

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
	<ul style="list-style-type: none"> • Real and nominal exchange rates • Equilibrium in the open economy • How policies and events affect an open economy 	<ul style="list-style-type: none"> • Read the Text Book • Surf the web • Do the quiz-1 on the 10th week 	Board Students Laptop,
Closing	<ul style="list-style-type: none"> • Inform the student that the quiz-1 is held on the 10th week • Give assessment / homework to the students 	<ul style="list-style-type: none"> • Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> • Evaluate the students activity during the lesson • Evaluate and observe, how the students solve the problem 		
Reference	Text Book : Chapter 31,32		

WEEK : **11, 12**
 Duration : 2 x 2 x 50 minutes
 Topic : Economics Fluctuation and Policy
 Sub-Topic : Three Key Facts about Economic Fluctuations
 Explaining Short-Run Economic Fluctuations
 Two Causes of Economic Fluctuations
 Using Policy to Stabilize the Economy

Learning Outcomes of Lesson:

1. **Main Competency.** The students are expected able to:
 - Explain three key facts about economic fluctuations
 - Explain short-run economic fluctuations
 - Explain two causes of economic fluctuations
 - Explain how monetary policy influences aggregate demand
 - Explain how fiscal policy influences aggregate demand
2. **Supporting Competency.** The students are expected able to:
 - Analyze and explain the real cases which are related to the topic

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none"> Introduce chapter 33, 34 objectives 		Lecturing
Delivery	<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 	<ul style="list-style-type: none"> Listening into the Lecturer Read the Text Book Surf the web Do the quiz-1 on the 12th week 	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none"> Inform the student that the quiz-2 is held on the 12th week Give assessment / homework to the students Inform the student the next 13th meeting presentation & draft-2 collection 	<ul style="list-style-type: none"> Listening to the lecturer 	Lecturing
Evaluation	<ul style="list-style-type: none"> Evaluate the students activity during the lesson Evaluate and observe, how the students solve the problem 		
Reference	Text Book : Chapter 33, 34		

WEEK : 13 - 14

Duration : 2 x 2 x 50 minutes

Topic : **Group Presentation & Evaluation on the Previous Chapters**

Sub-Topic : Previous discussion (chapter 31, 32, 33, 34)

Learning Outcomes of Lesson:

1. **Main Competency.** The students are expected able to:

- Understand and explain chapter 31, 32, 33, 34

2. **Supporting Competency.**

- The students are expected able to link the macroeconomics theory and the real cases

DETAIL OF LECTURING ACTIVITY

Phase	TOPIC: Lecturer / Facilitator Activity	Students activity	Method / Lecturing Tools / Remarks
Introduction	<ul style="list-style-type: none">Review Chapter 31, 32, 33, 34	<ul style="list-style-type: none">Final Draft collection	Lecturing
Delivery	<ul style="list-style-type: none">Review Chapter 31, 32, 33, 34	<ul style="list-style-type: none">Group presentation & discussion	Beamer/ LCD Black / White Board Students Laptop,
Closing	<ul style="list-style-type: none">Inform the student the next final exam materials and topics.	<ul style="list-style-type: none">Listening to the lecturer	Lecturing
Evaluation	<ul style="list-style-type: none">evaluate the students activity during the lessonevaluate and observe, how the students solve the problem		
Reference	Text Book chapter 31, 32, 33, 34		

WEEK : 15 – Semester Break

WEEK : 16 – Final Examination