

UNIVERSITI MALAYSIA SABAH**SEMESTER II 2009/2010****GT01003
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 labour 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 LEARNING 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 understand economic growth and fluctuations.
- 2.3 To analyze the effect of government's fiscal and monetary policies on the economy.
- 2.4 To discuss and analyze current macroeconomic issues in project paper, using macroeconomics theories learned from the course.

3.0 LEARNING OUTCOME

Upon the completion of this course, students are expected to be able to:

- 3.1 List out several macroeconomic issues such as gross domestic product, inflation, unemployment, deficit spending, economic growth and related measurement issues.
- 3.2 Explain the approaches to economic policy including monetary and fiscal policy and different views on the effectiveness of their use in combating recession and inflation.
- 3.3 Conduct a project study related to macroeconomics.

4.0 MAIN REFERENCE

Case, K. E. & Fair, R. C. (2009). *Principles of Macroeconomics*. 9th edition. Pearson Prentice Hall.

5.0 ADDITIONAL REFERENCES

Frank, R. H. & Bernanke, B. S. (2007). *Principles of Macroeconomics*. 3rd Edition. McGraw-Hill Irwin.

Gregory, M.N. (2004). *Principles of Macroeconomics*. 3rd Edition. Thomson South-Western.

Hasan, Z. & Lehar, H. (2009). *Macroeconomics*. 1st Edition. Oxford University Press

McConnell, C. R. and Brue, S. L. (2005). *Macroeconomics*. 16th Edition. McGraw-Hill Irwin.

O'Sullivan, A. and Sheffrin, S. M. (2006). *Macroeconomics: Principles and Tools*. Pearson Prentice Hall.

6.0 COURSE OUTLINE

WEEK	TOPIC	REFERENCE
1	Introduction To Macroeconomics	Case & Fair, Chap 5
2	Measuring National Output and National Income	Case & Fair, Chap 6
3	Growth, Productivity, Unemployment and Inflation Long-Run Growth	Case & Fair, Chap 7 Case & Fair, Chap 17
4	Aggregate Expenditure and Equilibrium Output	Case & Fair, Chap 8
5	The Government and Fiscal Policy	Case & Fair, Chap 9
6	The Money Supply and The Central Bank System	Case & Fair, Chap 10
7	Money Demand, The Equilibrium Interest Rate, and Monetary Policy	Case & Fair, Chap 11
8	Money, The Interest Rate, and Output: Analysis and Policy	Case & Fair, Chap 12
9	Open-Economy Macroeconomics: The Balance of Payments and Exchange Rates	Case & Fair, Chap 20
10	Aggregate Demand, Aggregate Supply and Inflation	Case & Fair, Chap 12 & 13
11	The Labour Market, Unemployment and Inflation	Case & Fair, Chap 14
12	Policy Timing, Deficit Targeting, and Stock Market Effects	Case & Fair, Chap 15
13	Debates in Macroeconomics: Monetarism, New Classical Theory and Supply Side Economics	Case & Fair, Chap 18
14	Revision	-

7.0 COURSE EVALUATION

Mid-Term Exam	35%
Final Exam (Comprehensive)	40%
Project Paper	20%
Quiz	5%
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8.0 LECTURE AND TUTORIAL SCHEDULE

Day	Time	Venue
Monday	8:00am – 10:00am (L-HE19) - MFG	PD
Monday	11:30am – 12:30pm (T1) - MFG	P1D
Tuesday	8:00am – 9:00am (T2) - MFG	P1D
Tuesday	9:00am – 10:00am (T9) - SS	M8B
Tuesday	10:30am – 11:30am (T10) - SS	M8B
Tuesday	10:30am – 12:30pm (L-HE20) - MFG	PC
Tuesday	2:00pm – 4:00pm (L-HE21) - LKP	PC
Tuesday	3:00pm – 5:00pm (T11 & T12) - SS	M12B
Wednesday	8:00am – 10:00am (T3 & T4) - LKP	P2B
Thursday	8:00am – 10:00am (T5 & T6) - MFG	P1D
Thursday	9:00am – 10:00am (T13) - SS	M8A
Thursday	10:30am – 12:30pm (T14 & T15) - SS	M8A
Thursday	3:00pm – 4:00pm (T16) - SS	M8A
Friday	8:00am – 10:00am (L-HE22 & HE23) – LKP	Theatrette
Friday	10:30am – 12:30pm (T7 & T8) – LKP	P2B

L – Lecture
T – Tutorial

MFG – Mohd Fahmi Ghazali
LKP – Dr. Lim Kian Ping
SS - Suzillah binti Sidek

9.0 NOTES ON PROJECT PAPER

Students are required to work in pairs on a project paper with the theme "Macroeconomics in the News". This involves: (1) collecting newspaper excerpt that relates to the key macroeconomics concept introduced in this course; (2) summarizing and analyzing the news article. The length of the report, excluding the appendix of news excerpt, should not exceed 2000 words. The report must be submitted before **March 19, 2010**.