

**BSP 2001: Macro and International Economics  
2014-2015, Semester 1**

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**Class Meetings:**  
Mondays 12:00-14:00

**Office Hours:**  
Mondays 14:00-15:00 or by appointment

**Course Materials:**  
(1) Textbook: Dornbusch, Fischer and Startz (2014), *Macroeconomics*, 12<sup>th</sup> Edition, McGraw-Hill.  
(2) Optional Readings: Students are also encouraged to read articles in *The Economist*.

**Course Objective:**  
This course provides students with an introduction to macroeconomics and international economics. It aims to develop the basic analytical tools to understand the behavior of the economy, both in the short run and in the long run. We will focus on the economic growth, the aggregate behavior of consumers and producers, the dynamics of prices and unemployment, the effectiveness of fiscal and monetary policies, and exchange rates. We will also apply the analytical framework to real-world events.

**Prerequisite:**  
Algebra and introduction to microeconomics (BSP 1005 or equivalent)

**Course Grade:**  
(1) Tutorial assignments and presentations (25%)  
(2) Midterm exam (25%)  
(3) Final exam (50%)

Note: Problem sets have to be handed in on the due date. Late homework will be penalized. Tutorial attendance is compulsory. A student missing more than three tutorial sessions can be barred from Final Examination and given a fail grade. No make-up exam will be given.

**Course Outline:**  
**Part I:** Introduction (chapter 1-2)  
1. Introduction to Macroeconomics  
2. National Income Account  
  
**Part II:** Long Run: Economic Growth (chapter 3-4)  
3. Growth Accounting  
4. Growth Theory: The Neoclassical Model

**Part III:** Medium Run: The AS-AD Model (chapter 5-8)  
5. Aggregate Supply and Aggregate Demand

- 6. The Phillips Curve
- 7. Inflation and Unemployment

**Part IV: Short Run: IS-LM Model (chapter 10-12)**

- 8. Keynesian Income Model and IS curve
- 9. Money Market and LM curve
- 10. Monetary and Fiscal Policy

**Part V: International Economics (chapter 13)**

- 11. Exchange Rates
- 12. Open Economy IS-LM model

Note: This course outline is tentative and subject to change.