

BSP2001 Macro and International Economics

Instructor

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Textbook

Robert Frank and Ben Bernanke, **Principles of Macroeconomics**, 5th edition, 2013
Publisher: McGraw-Hill.

Or

Robert Frank, Ben Bernanke and Hon-Kwong Lui, **Principles of Economics**, 1st edition, 2015, Publisher: McGraw-Hill.

Optional Readings

Optional readings are *not required* for this course but reading the following books will significantly improve your understanding of macroeconomics. *Reading these books is totally at your choice.*

Dornbusch R., Fischer S. and Startz R. Macroeconomics, 11th edition, McGraw-Hill, 2012.

Blanchard O. and Johnson D.R. Macroeconomics, 6th edition. Pearson, 2013

Davidson, Paul, The Keynes Solution: The path to global economic prosperity. Palgrave Macmillan, 2009.

The Economist, a weekly economic magazine. You can keep updated with the contemporary news and events beyond economics.

Annual Economic Survey of Singapore 2013. Also available for other years. *Ministry of Trade and Industry*. Available on MTI website: <http://app.mti.gov.sg/>

Course Description

The purpose of this Module is to provide students with the necessary tools and economic framework to better understand and analyze macroeconomics issues such as economic growth, unemployment, inflation, business cycles, government budget, trade deficit/surplus, and the measures and policies adopted by government and

international institutions to cope with them. Undoubtedly, macroeconomics at both the domestic and international levels will have impact on the business decision and strategies for product innovation, market expansion, and investment. This module emphasize application of the macroeconomic models and analytical framework to real life macroeconomic events in the global economy.

Prerequisite

Students who keep up-to-date with economic development and international trends by reading daily newspapers and other economic magazines will find this course easy and helpful. There is minimal prerequisite of quantitative and mathematical skill for this course, but students are expected to make use of such skill in answering questions during tutorial assignments and the structured project. It will be useful that students refresh themselves with rudimentary parts of **microeconomic concepts** of supply and demand, price determination, and market clearing, etc.

Assessment

There are 3 components in the assessment scheme.

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| a) Assignments/
Presentation | 20% |
| b) Mid Term Test | 30% |
| c) End of Semester Examination | 50% |

Course Outline

	Topics	Chapter in F&B	POE
0.	Self-Reading: Basic Economic Concepts :: Introduction	1 to 3	1 to 3
1.	Macroeconomics: Data and Issues: Circular Flow of Income; National Income Accounts; GDP; Valuation: Nominal & Real; Some identities.	4	15
2	Macroeconomics: Data and Issues: Macro Aggregate Indicators: Price Level & Inflation, Wages & Unemployment ; <deflation; over-heated labor market>	5 to 6	16 - 17
3	Economy in the Long Run Economic Growth; Determinant of Productivity	7	18
4	Economy in the Long Run Saving, Capital Formation and Financial Markets	8	19
5	Economy in the Long Run Money, Prices, Interest rates and the Financial System	9	20
6.	Economy in the Short Run Short Term Economic Fluctuations	10	21
7.	Economy in the Short Run Spending, Output and Fiscal Policy and Monetary Policy	11 & 12	22-23
8.	Economy in the Short Run AS-AD Model & Effects of Fiscal & Monetary Policies	13 & 14	24-25
10	International Economy Exchange Rates, International Trade and Capital Flows	2 and 15	2 and 26
11	International Economy Fiscal and Monetary Policies in Open economies	15 & Notes	26 & Notes