

BSP2001 Macro and International Economics

Instructor

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Textbook

R. Frank, B. Bernanke, K. Antonovics, and O. Heffetz: **Principles of Macroeconomics**, 6th edition, 2015-6 Publisher: McGraw-Hill.

[This book is referred to as *FBAH*]

Supplementary Textbooks

F.S. Mishkin **Macroeconomics: Policy and Practice**, 1 ed, 2012. Publisher: Pearson

Charles Jones, **Macroeconomics**, 3 ed., 2014. Publisher: W.W. Norton.

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 2015. 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 financial crisis.

Understanding macroeconomics is not simply for the sake of public relations role of business people and better understanding of government policy. The health of a company or an individual's job prospects and portfolio depends on the macro-economy. Macroeconomics helps in understanding aggregate uncertainty that can impact on firms, workers and consumers besides the idiosyncratic uncertainty that affects only a few individuals. Successful managers at any international company need to understand the institutional structure of the global economy. Besides business competitors, familiarity with the working and functions of international organizations such as the International Monetary Fund (IMF) and the World Trade Organization (WTO) can add to the viability and competitive edge of the company.

This module emphasizes 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, enjoyable 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/Attendance & Presentation | 30% |
| b) Mid Term Test | 30% |
| c) Final Examination | 40% |

Course Outline

	Topics	Chapter in FBAH
0.	Self-Reading: Basic Economic Concepts :: Introduction	1 to 3
1.	Macroeconomics: Data and Issues: Circular Flow of Income; National Income Accounts; GDP: Concept & Measurement Valuation: Nominal GDP & Real GDP; GDP as measure of welfare and happiness.	4
2	Macroeconomics: Data and Issues: Macro Aggregate Indicators: Price Level & Inflation, Wages & Unemployment ; <deflation; over-heated labor market>	5 to 6
3	Economy in the Long Run Economic Growth; Determinant of Productivity	7
4	Economy in the Long Run Saving, Capital Formation and Financial Markets	8
5	Economy in the Long Run Money, Prices, Interest rates and the Financial System	9
6.	Economy in the Short Run Short Term Economic Fluctuations	10
7.	Economy in the Short Run Spending, Output and Fiscal Policy and Monetary Policy	11 & 12
8.	Economy in the Short Run AS-AD Model & Effects of Fiscal & Monetary Policies	13 & 14
10	International Economy International Trade and Capital Flows	2 and 15
11	International Economy Fiscal and Monetary Policies in Open economies	15 & Notes
12	International Economy Trade liberalization & Financial Crisis	Articles & Notes