FAKULTI PENGURUSAN PERNIAGAAN & PERAKAUNAN

PROGRAMME :	Bachelor Degree in Accountancy (Hons).
Code : Course : Credit Hours :	MES 3033 MACROECONOMICS. 3 Hours.
Main References :	1. Robert J.Gorden (2011), Macroeconomics, Pearson Addision. 2. Richard T.Froyen (2001), Macroeconomics, Prentice-Hall, New York. 3. Andrew .Abel, Ben S, Bernanke (2005), Macroeconomics, 5th Edition, Pearson Addision Wesley.
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COURSE SITE	http://lecture67.blogspot.com/

COURSE PLAN.

I. REVIEW OF INTRODUCTORY CONCEPTS

Week 1
A. Preliminaries (Chapter 1)

1. Scope of Macroeconomics
2. Macroeconomics vs. Microeconomics
3. Economic Model Building and Usefulness of Theory
4. Business Cycles: Characteristics and Stylized Facts
5. Natural Real GDP and Natural Unemployment Rate
7. Short Run vs. Long Run
8. The Issues
9. Stabilization Policy
10. Globalization of the Economy

Week 2
B. Macroeconomic Measurement (Chapter 2)

1. Introduction
2. Alternative Approaches to Measuring GDP
3. Injections and Leakages
4. The GDP Identity and Government Budget

II. MACROECONOMICS IN THE SHORT RUN: ECONOMIC FLUCTUATIONS

Week 3

A. Demand-side Equilibrium Analysis

1. Product Market Equilibrium I (Chapter 3)

a. Introduction
b. Assumptions
c. Actual and Planned Expenditures
d. Behavioral Relations
e. Determination of Equilibrium Income
f. From Equilibrium to Disequilibrium to a New Equilibrium
g. The Multiplier Effect
h. Fiscal Policy
i. Net Exports and the Multiplier
j. Planned Spending and the Rate of Interest
k. Product Market Equilibrium Revisited: The IS Curve

Week 4

2. Money Market Equilibrium (Chapter 4)

a. Assumptions
b. Behavioral Relations: The Supply of & the Demand for Money
c. Money Market Equilibrium: The LM Curve

3. General Equilibrium in Product & Money Markets (Chapter 4)

a. The Basic IS-LM Model
b. Monetary Policy in the Basic IS-LM Model
c. Fiscal Policy in the Basic IS-LM Model-- The Crowding-out Effect

Week 5

3. Strong & Weak Effects of Monetary & Fiscal Policy (Chapter 4)

a. Monetary Policy
  * Interest Insensitive Money Demand
  * Liquidity Trap
  * Interest Insensitive Spending

b. Fiscal Policy
  * Interest Insensitive Money Demand
  * Interest Insensitive Spending

c. The Interaction Between Fiscal & Monetary Policies

Week 6

4. The Government Budget and its Effects (Chapter 5)

a. Crowding out of Net Exports
b. Government's Budget Position and National Saving
  * Crowding out in a closed economy
  * Fiscal policy in a Small Open Economy
  * Fiscal policy in a Large Open Economy

Week 7

5. The Open-Economy IS-LM Model (Chapter 6)

a. Introduction
b. Foreign Trade and Balance of Payments
c. Exchange Rates
d. The Foreign Exchange Market

e. Nominal and Real Exchange Rates
f. Alternative Exchange Rate Systems
g. Determinants of Net Exports
h. Real Exchange Rates and Interest Rates.
i. The IS-LM Model for a Small Open Economy
j. The IS-LM Model for a Large Open-Economy
k. Policy Conclusions

Week 8
B. DEMAND- AND SUPPLY-SIDE EQUILIBRIUM ANALYSIS
1. The Basic Static Aggregate Demand-Supply Model (Chapter 7)
a. Introduction
b. The Aggregate Demand Curve when Prices are Flexible
c. The Aggregate Supply Curve
* Alternative Shapes of the Aggregate Supply Curve
* Aggregate Supply when Money Wages are Fixed
* Determination of the Wage Rate
d. The Short- and Long-run Effects of Fiscal & Monetary Policy in the Basic Aggregate Demand-Aggregate Supply Model

Week 9
e. Using the Basic Aggregate Demand-Aggregate Supply Model to Compare Traditional Macroeconomic Theories
* The Self-correcting Model based on the Quantity Theory of Money
* The Original Keynesian Model

C. INFLATION AND UNEMPLOYMENT (Chapter 8)
1. Introduction
2. Types of Inflation
a. Demand Inflation
* The Basic Short-run Phillips Curve
* The Role of Expectations and the Long-run Phillips Curve

Week 10
* Nominal GDP Growth and Inflation
* Effects of an Acceleration in Nominal GDP Growth
* Expectations and the Inflation Cycle
* Recession as a Cure for Inflation

Week 11
C. INFLATION AND UNEMPLOYMENT-- CONTINUED
b. Supply Inflation
* The Role of Supply Shocks
* The Response of Prices and Output to Supply Shocks
* The Response of Inflation and Output Ratio to Supply Shocks
c. Okun’s Law

III. MACROECONOMICS IN THE LONG RUN: PRODUCTIVITY & GROWTH

Week 12

A. ALTERNATIVE THEORIES OF ECONOMIC GROWTH (Chapter 10)

1. Growth: Its Importance and Consequences
2. The Production Function and Growth
3. Early Models of Economic Growth
    a. The Harrod-Domar Model
    b. Solow's Model
        * The Role of Technology
        * Limitations of Solow's Model
4. The New Endogenous Growth Theory
5. Summary

Week 13

B. RECENT SLOWDOWN IN PRODUCTIVITY & REAL WAGE (Chapter 11)

1. Introduction
2. Productivity and Real Wages
3. Adverse Productivity Shocks

C. POLICIES TO PROMOTE PRODUCTIVITY & GROWTH (Chapter 11)

1. Fiscal Policy and Growth
2. Other Policy Options

V. RECENT THEORIES OF BUSINESS CYCLES (Chapter 17)

Weeks 14

A. NEW CLASICAL MARKET CLEARING MODELS

1. Friedman's Fooling Model
2. Lucas' Model and the Policy Ineffectiveness Proposition
3. The Kydland-Prescott Real Business Cycle Model
4. An Assessment of New Classical Macroeconomics

B. NEW KEYNESIAN NON-MARKET CLEARING MODEL (Chapter 17)

1. Essential Features
2. Nominal Rigidities
3. Coordination Failure and Indexation
4. Long-term Labor Contracts
5. Real Rigidities
6. The New Keynesian Model
7. An Assessment of the New Keynesian Model