

SYLLABUS

Date / Revision 30 Nov 2015 / 20 Aug 2017 / PP
Faculty Business and Social Sciences
Study Programm IBA/MGT

SUBJECT: Principles of Economics 2

1 Basic Information

1.01	Subject Name	Principles of Economics 2
1.02	Semester	2
1.03	Level	1
1.04	SKS	2
1.05	Mandatory / Curriculum	D-02
1.06	Subject Code	ECON-1010
1.07	Subject Code	
1.08	Year	2017 (7)
1.09	Quality Control	Final Test, OFSE, see evaluation
1.10	Limitations	Min 12 and Max 32 students in one class
1.11	Combined with	01:AVI;
1.12	Perquisite	None
1.13	Responsible	Dr. Samuel Prasetya
1.14	Revision	20-08-2017/pp

2 Description of Subject

The course introduces the basic concepts and principles of macroeconomics as the study of economy as a whole. The goal of macroeconomics is to explain the economic changes that affect many households, firms, and markets simultaneously.

Major emphasis is to provide fundamental of macroeconomics theory for decision making managers of firms related to the country's economy, national output, inflation, unemployment, fiscal, monetary policies and world global view. These topics through in-class presentations, group discussions, readings (from both text and on-line sources), exercises (both individual and group-based), and a variety of graded assignments and tests.

3 Objectives

- long-run and short-run determinants of a nation's gross domestic product, and how the economy is doing as we go about our lives.
- measurements of the overall level of prices in the economy and how they use price indexes to correct economic variables for the effects of inflation.
- the causes and costs of inflation.
- determinants of the standard of living in a nation and how policymakers can endeavor to raise the standard of living through policies that promote economic growth.
- shifts in supply or demand in financial markets as we do in other markets.
- measurements of unemployment and the reasons economies always experience some degree of unemployment.
- the important role of the monetary system in our daily lives. How the central bank must maintain strict control over the money supply.
- how a nation's trade balance is related to the international flow of capital and how national saving can differ from domestic investment in an open economy.
- the meaning of the nominal and real exchange rates, as well as the implications and limitations of purchasing power parity as a theory of how exchange rates are determined.
- the long-run effects of monetary and fiscal policy, how fiscal policy influences saving and investment, long-run growth, and how monetary policy influences the price level and the inflation rate.
- the short-run effects of monetary and fiscal policy, and how these policy instruments can change the aggregate demand for goods and services and alter the economy's production and employment.

4 Competency

After having the course, students are expected to:

- Understand long-run and short-run determinants of a nation's gross domestic product, and how the economy is doing as we go about our lives.
- Understand measurements of the overall level of prices in the economy and how they use price indexes to correct economic variables for the effects of inflation.
- Understand the causes and costs of inflation.
- Understand determinants of the standard of living in a nation and how policymakers can endeavor to raise the standard of living through policies that promote economic growth.
- Explain shifts in supply or demand in financial markets as we do in other markets.
- Understand measurements of unemployment and the reasons economies always experience some degree of unemployment.
- Understand the important role of the monetary system in our daily lives. How the central bank must maintain strict control over the money supply.
- Understand how a nation's trade balance is related to the international flow of capital and how national saving can differ from domestic investment in an open economy.
- Understand the meaning of the nominal and real exchange rates, as well as the implications and limitations of purchasing power parity as a theory of how exchange rates are determined.
- Describe the long-run effects of monetary and fiscal policy, how fiscal policy influences saving and investment, long-run growth, and how monetary policy influences the price level and the inflation rate.
- Explain the short-run effects of monetary and fiscal policy, and how these policy instruments can change the aggregate demand for goods and services and alter the economy's production and employment.

5 Learning Approach / Methodology

- Lectures/ Class contact (time-tabled) supplemented with interactive questions and answers;
- Discuss and describe the solution of the problem in the company;
- Tutorial/Laboratory/Practice Classes: preview of materials, revision and/or reports writing;
- Student Study Effort: homework/assignment; preparation for test/quizzes/ examination.

6 Evaluation

5.1	Absence maximum	25%
5.2	Participation in Discussion	05 Points
5.3	Homework / Classwork	05 Points
5.4	Presentation /Simulation	10 Points
5.5	Daily Quiz	20 Points
5.6	Final Examination	60 Points
	Total	100 Points

7 Text Book and Reference

1	Main Text Book: “Principles of Economics” - 2014, An Asian Edition. , Authors N. Gregory Mankiw, Euston Quah and Peter Wilson. Publisher: Delmar, Cengage Learning, ISBN-13: 978-981-4227-87-2
2	Supplement Textbooks: Hand-outs Journal articles

8 Content / Topics of Lecture

Week	Content/ Topics of Lecturing	Text Book Chapter	Remark
1	Measuring a Nation’s Income <ul style="list-style-type: none"> • Macroeconomics at Glance • The Economy’s Income and Expenditure • The Measurement of Gross Domestic Product • The Components of GDP • Real versus Nominal GDP 	Ch 23	
2	Measuring the Cost of Living <ul style="list-style-type: none"> • The consumer price index (CPI) • Correcting Economic Variables for the Effects of Inflation 	Ch 24	

Week	Content/ Topics of Lecturing	Text Book Chapter	Remark
3	Production and Growth <ul style="list-style-type: none"> Economic growth around the world. Productivity: Its Role and Determinants Economic Growth and Public Policy 	Ch 25	Quiz
4	Saving, Investment, and The Financial System <ul style="list-style-type: none"> Saving and Investment in the National Income Accounts The Market for Loanable Funds 	Ch 26	
5	Unemployment <ul style="list-style-type: none"> Identifying Unemployment Minimum-Wage Laws Unions and Collective Bargaining 	Ch 28	Quiz
6	Money Growth and Inflation <ul style="list-style-type: none"> The Meaning of Money Banks and the Money Supply The Classical Theory of Inflation The Costs of Inflation Trade-off between Inflation and Unemployment 	Ch 29, 30, 35	
7	Group Presentation & Review <ul style="list-style-type: none"> Materials from Week 1 until week 6 		
8	Semester Break		
9,10	The Macroeconomics of Open Economies <ul style="list-style-type: none"> The International Flows of Goods and Capital Real and Nominal Exchange Rates Equilibrium in the Open Economy How Policies and Events Affect an Open Economy 	Ch 31, 32	Quiz
11,12	Economics Fluctuation and Policy <ul style="list-style-type: none"> Three Key Facts about Economic Fluctuations Explaining Short-Run Economic Fluctuations Two Causes of Economic Fluctuations Using Policy to Stabilize the Economy 	Ch 33, 34	Quiz
13,14	Group Presentation & Review <ul style="list-style-type: none"> Materials from Week 9 until week 12 		
15	Semester Break		
16	Final Examination		