

BSP2001 Macro and International Economics

Instructor

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Main References

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

[This book is referred to as FBAH]

David Colander: **Macroeconomics**, 9th edition. 2013. Publisher: McGraw-Hill.

[This book is referred to as DC] {The first 3 chapters of book can be downloaded free as sample chapters }

http://highered.mheducation.com/sites/0077501861/information_center_view0/table_of_contents.html

Schiller R. and Gebhardt K.: **Essentials of Economics**, 10th ed. 2016. McGraw-Hill.

[This book is referred to as SG]

Optional Readings

Optional readings are *not required* for this course but reading the following books can enhance your understanding of macroeconomics. Feel free to read them at your inspirational convenience.

- Tony Cleaver, ***Understanding the World Economy***, 4th ed. Publisher: Routledge, 2014.
- Moss D. ***A Concise Guide To Macroeconomics***, 2nd ed., HBS Press, 2014.
- David E. O'Connor, ***The Basics of Economics***. Greenwood Press: London, 2004.
- Lepenies P.(2016) ***The Power of a Single Number: A Political History of GDP***. (English Translation by Jeremy Gaines). Columbia University Press.
- **World Bank**: Global Economic Prospects 2017:
<http://pubdocs.worldbank.org/en/842861463605615468/Global-Economic-Prospects-June-2016-Divergences-and-risks.pdf>
- **IMF** World Economic Outlook 2017: <https://www.imf.org/external/pubs/ft/weo/2016/02/pdf/text.pdf>
- The **Economist**, a weekly economic magazine. You can keep updated with the contemporary news and events beyond economics.
- **Annual Economic Survey of Singapore** 2017. Also available for other years. *Ministry of Trade and Industry*. Available on MTI website: <http://app.mti.gov.sg/>

Course Description

This module introduces the main macroeconomics concepts and principles by focusing on key questions relating to actual or real life events that have happened in the world.

For each question or set of questions, we seek to provide answers that invoke the underlying rationale abstract from macroeconomic principles and common sense. We hope the approach will make the module more relevant and interesting for learning.

Understanding macroeconomics is not simply for the sake of public relations role of business people and better understanding of government policy. 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 World Bank, International Monetary Fund (IMF) and the World Trade Organization (WTO) can add to the viability and competitive edge of the company.

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 presentations. It will be useful that students refresh themselves with rudimentary parts of **economic 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% |

TOPICS COVERED IN THIS MODULE

	Topics/ Questions	Main Economic Concepts	FBAH	DC	SG
1. (1)*	Size and Components of the Macroeconomic System in a country. Can we assume market forces coordinate all transactions in all markets in the economy? Does the output per capita of the economy also measures the welfare or well-being of the citizen in the country?	GDP and its limitations; Circular Flow of Income	4	7	3
2 (2)	Not a bed of roses! We have episodes of recession, inflation, unemployment and stagflation. Why do they happen? What are the impact of such events on the business enterprises and residents of the country? Can something be done to eliminate them or to reduce their adverse impacts?	Macroeconomics goals; Basic ADAS framework	13 - 14	10, 17, 18	10, 11
3 (1.5)	If the citizens are not spending enough, the companies receive insufficient sale revenues to cover costs, they close shops, workers retrenched and have even less money to spend → creating a vicious cycle and deepening recession. Can government spend its past reserves (savings) and jump start the economy?	Role of Government; Taxation and Fiscal policies	11	9	12
4. (1.5)	<i>Money, Money, Money</i> : Why don't the government print money and distribute the money so that everyone is rich and able to buy anything, and the macro economy will expand?	Functions of Money; Monetary Policies	12	12, 13	13, 14
5 (2)	Economic “Wonderland” in the long run. All problems & economic difficulties will be solved if we have economic growth? What determines economic growth & how to finance economic expansion? (Role of Saving & Investment)	Economic Growth; Financing Investments; Role of Financial Markets	7, 8	6	15
6 (1)	The External Sector. Balance of Payment, Forex market, PPP, and Capital inflow as supplement to saving. Foreign Investment. International linkages & multiplier.	Exchange Rate, Competitiveness, Trade deficit	15	20	17
7. (1)	Can international trade and free trade agreements expand the economy and beneficial to the business enterprises?	International Trade; Gain from trade	2	2, 19	17
8. (1)	From Bankers to “Banksters”: Are bankers overpaid for the risks they take? Are they responsible for the many Financial Crises that had happened in the world?	Financial Crisis; bubbles		14	
9 # (1)	“GDP is better translated as Gross Distressful Pollution” in many developing economies. Do macroeconomics have anything to do with environment and sustainable economic development?	Environment and Sustainable Development	Lecture Notes	LN	LN

* *The figure in parentheses indicate the time allocation in terms of weekly session. Each weekly session is about 1.5 hour. # : optional topic – to be covered when there is surfeit of time.*