

HKUST Business School - Department of Economics
ECON2123 - Macroeconomics (Spring 2019)
Course Outline

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| Lecture Time: | L5: Tue & Thu 09:00AM – 10:20AM |
| Venue: | Room 1034, LSK Bldg |
| Course Website: | L5: https://canvas.ust.hk/courses/22988 |
| Instructor: | Wenwen ZHANG |
| Office: | Room 6042, LSK Bldg |
| Email: | wwzhang@ust.hk |
| Office Hours: | Tue 11:00AM – 12:00PM (or by appointment) |
| Teaching Assistant | L5: Hector CHENG echector@ust.hk |
| Office: | Room 6066, LSK Bldg |
| Office Hours: | L5: Mon 11:00AM – 12:00PM (or by appointment) |

Course Description:

This course provides an introduction to macroeconomic theory and policy analysis. The first part of the course explores how GDP, inflation, unemployment, and other macroeconomic aggregates are measured in practice. “Equilibrium” among these variables in different markets will be studied in the short, the medium, and the long run. Goods and money markets are identified by IS-LM model in the short run. Then we move to the labor market and put all the markets together to derive the AS-AD model in the medium run. In the long run, we develop analytical models of macroeconomic performance and growth. Such a theoretical framework will allow us to study the impacts of fiscal and monetary policies on the economy. Last part focuses on open macroeconomic issues.

I will use real world examples and cases as much as possible in order to enhance your understanding of course materials. Eventually, I would like all of you to come up with your own “definition” or “meaning” of economics and establish its applicability in your daily life.

Main Textbook:

Olivier Blanchard, Macroeconomics, 7th edition (2017), Pearson Education Inc.

Some of the Chapters will be adopted from Olivier Blanchard, Macroeconomics, 6th edition.

Learning Outcome – School Intended Learning Outcomes (“SILOs”):

Upon successful completion of this course, you should be able to:

- 1) Identify important macroeconomic variables and understand their relationships; (SILO # 4.1)
- 2) Gather and organize the relevant macroeconomic information for a given context; (SILO # 7.2)
- 3) Apply tools learnt in class to analyse some historical and current macroeconomic events. (SILO # 4.2)
- 4) Understand the operation of open economy and exchange rate related topics. (SILO #6.1)

Hopefully, you can also

- 5) Discuss the consequences of a macroeconomic shock or a policy shock; (SILO # 4.3)
- 6) Develop an appreciation for macroeconomics and a desire to continue further study. (SILO # 9)

For the details of SILOs, please refer to: <http://www.bm.ust.hk/sbmlern/eng/thirdcat.php?sid=5&thirdid=3>

Course Format / Teaching Approach:

This course is delivered through lectures and tutorials. Students attend two 80-minute lectures per week. Personal Response System (PRS) will be used during lectures to encourage class participation and sharing among students and with me. Please try to attend all lectures and participate actively in discussions. Tutorials will be arranged when needed.

| Teaching & Learning Activities | Roles in the Course | SILO Addressed |
|--------------------------------|---|----------------|
| Lectures | Explain key concepts and their applications; Cases and examples to build student’s critical and analytical ability | 1,2,3,4,5,6 |
| In-class Q&A through PRS | Encourage class participation, critical thinking and discussion | 1,2,3,4,5,6 |
| Tutorials | Review and further illustration on important topics, practice problem-solving, encourage discussion and participation | 1,2,3,4,5,6 |
| Quizzes & Problem Sets | Enhance understanding of course materials and their application through practice | 1,2,3,4,5,6 |

Course Outline:

- I. Introduction (Chapter 1&2)
- II. Economy in the short run
 1. The Goods Market (Chapter 3)
 2. Financial Markets I (Chapter 4)
 3. Goods and Financial Markets: The IS-LM model (Chapter 5(6thE))
- III. Economy in the medium run
 1. The Labor Market (Chapter 7)
 2. Putting All Markets together (Chapter 7(6thE))
- IV. Open Economy
 1. Openness in Goods and Financial Markets (Chapter 17)
 2. The Goods Market in an Open Economy (Chapter 18)
 3. Output, the Interest Rate, and the Exchange Rate (Chapter 20(6thE))
 4. Exchange Rate Regime (Chapter 20*)
- V. Economic Growth
 1. Facts of Growth (Chapter 10*)
 2. Saving, Capital Accumulation, and Output (Chapter 11*)
 3. Technological Progress and Growth (Chapter 12*)

Use of Personal Response System (PRS):

PRS will be used in lectures. The use of PRS is to encourage classroom participation, discussion and sharing among students and with me. Questions will be asked in lectures and the PRS allows you to respond in real time. A summary of answers will be shown and shared.

Examinations and Grades:

Quizzes and Problem sets:

- You will be assigned 8 quizzes (only 6 out of 8 will be graded, which means as long as you attempted ANY 6 or more, you can get all 8% for quizzes) and 3 problem sets during the semester. Quizzes (MCQs only) are assigned on a weekly basis and submitted on the canvas. Each quiz remains active on the canvas for one week. By default, only one attempt is allowed. Quizzes are credited by submissions.
- You have to turn in your own problem sets (hard copy) before the deadline announced. Suggested answers with detailed explanation will be posted on the Course Website after the deadline of each problem set.
- Please note that NO late submissions will be accepted. In case you are sick and cannot hand in Problem sets on time, please email TA before 5pm on the due date with completed problem set attached. In addition, the hard copy of your completed problem set, together with a valid medical or legal document, should be submitted to TA no later than the first tutorial following the due date.

Midterm and Final Exams:

- There will be Two midterm exams. The midterm exam will cover lecture materials, problem sets and assigned reading (if any).
- The final exam is CUMULATIVE. It may contain multiple-choice, true & false questions and essay-type questions, which require explanation in writing, graph and calculation.

Overall Score of Grading for the Course:

Your overall score for the course will be computed according to one of the following two schemes, **whichever yields the higher score**. This means that a low score in a midterm exam will not lower your course grade, and it always makes sense to take both midterm exams. As you can see, a good score can raise your grade, but a low score will not lower it.

Scheme (1): Course score with TWO midterms

| Assessment Activities | Weighting |
|-----------------------------------|-----------|
| Problem Sets | 10% |
| Quizzes | 8% |
| Midterm Exam ((1) and (2)) | 20%+20% |
| Final exam (cumulative) | 42% |

Scheme (2): Course score with ONE midterm

| Assessment Activities | Weighting |
|--|-----------|
| Problem Sets | 10% |
| Quizzes | 8% |
| Midterm Exam ((1) or (2), the higher one) | 30% |
| Final exam (cumulative) | 52% |

Absence from Midterm and Final Exam:

- If for any reason you are unable to attend the midterm or final exam, you must seek approval of absence from me directly BEFORE the exam. Your request should be supported by valid documents, such as medical certificate issued by a registered medical practitioner. Absence from an exam without prior approval would result in ZERO score, in this case, your overall score computation yields to Scheme (1).
- There will be **NO** makeup for any Midterm exams. If you miss both midterm exams for any reasons, you will receive ZERO for your midterm exams.
- For students who are absent from the final exam with prior approval, make-up exam will be scheduled the soonest, usually one day after the final exam or the recommended sick leave. It is the responsibility for those who request for a make-up exam to ensure their availability. The make-up arrangement can be in the form of written-exam, oral exam or research paper, etc. Please NOTE that the instructor has the final discretion on all arrangements of the make-up exam. Students who request for the make-up final exam should comply all the requirements as communicated by the instructor. Failing to meet any requirement may result in a ZERO score.

Academic Honesty and Integrity:

Academic integrity and honesty are key values at HKUST. Please read the information on academic integrity carefully. It is your responsibility to be familiarized with the Academic Honor Code and the content on the Academic Integrity website (<http://ugadmin.ust.hk/integrity/regulations-1.html>). The Code will be STRICTLY enforced. I will report any cases to the University WITHOUT EXCEPTIONS.

I will try my best to make the course requirements as clear as possible. When you have any question or you encounter any difficulties in studying, please do not hesitate to consult me either in or out of class throughout the semester. I am delighted to help you succeed in the course. Please be aware that ultimately it is you EARNING the grade, not me GIVING you the grade. So, when the grade is out, one thing I will NOT do is to change your grade if what you want (need) is different from what you get.

Classroom Etiquette:

- You are expected to be punctual for both lectures and tutorials; I will start and end the lecture on time.
- You are welcome to bring your laptop or other devices to lectures for learning purposes.
- Respect the others in class and do not disturb others with side conversation, Internet surfing, emails-checking or instant-messaging during class time.
- No eating in class at anytime.