

# HONG KONG UNIVERSITY OF SCIENCE & TECHNOLOGY



## Department of Economics

ECON 5200

### Global Macroeconomics (MBA) (Fall II, 2023-24)

#### INSTRUCTOR

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#### CLASS SCHEDULE

Lecture times are Sundays November 5, 19 and December 3 and 17, 9am - 12:20pm and 2pm - 5:20pm. Venue is Room 2003, LSK Building. Teaching mode is “face to face”.

#### COURSE DESCRIPTION

This course provides business executives with an introduction to the state of the global economy and macroeconomic policy. Topics include national income accounting, unemployment, inflation, monetary and fiscal policies and international economic interactions. Stress is placed on the application of economic theories to help navigate macroeconomic phenomena and contemporary policy debates. Recent contemporary topics include the Silicon Valley Bank shock, the disruptions to supply chains due to COVID-19 and the Russian-Ukrainian War, energy shocks and the divergence of monetary policy between the People’s Bank of China and the Federal Reserve. Cases studied have a global reach ranging from China to India, Europe and South America, each of which apply learning outcomes from theory studied in the course. A thorough introduction to the China economy and growth experience (past and present) is a key course objective.

#### INTENDED LEARNING OUTCOMES

After completing this course, students should be able to understand, explain and apply to real World economic events:

- (1) Macroeconomic concepts such as gross domestic product (GDP), consumer price index (CPI), unemployment rate, and economic growth rate.
- (2) Economic models that explain economic growth and short-term shocks in the business cycle.

- (3) The role of finance in the macroeconomy – the banking sector, the creation of money, the role of central bank and its impacts on monetary policy.
- (4) The role of government and effects of fiscal policy.
- (5) The international economy in the context of foreign exchange and balance of payments (BOP).
- (6) The interdependence between the China economy and the global economy

### **PREREQUISITES**

No formal prerequisite. This course does NOT require university mathematics. Analytical concepts are mainly taught using graphical methods. While some simple equations may be used, calculus is NOT required. Theory is supported by real World applications for greater understanding.

### **RECOMMENDED LEARNING RESOURCES**

Mankiw, N.G., Principles of Economics, 8th Edition, Cengage Learning, 2015 or later editions  
 Frederic S. Mishkin, The Economics of Money, Banking, and Financial Markets, 12th edition, Global edition, 2019. Case studies have been provided and I will provide additional reading as required on Canvas, prior to each teaching week, as required.

### **CLASS QUIZZES**

There will be 2 class quizzes (closed book), each accounting for 15% of the total grade, for a total of 30% of your total course score. They will be held during class and will each be for 30 minutes.

### **GROUP PROJECT**

The objective of this project is to apply various concepts learned in this course real-world situations. Each group will be assigned a particular economy. You will first be asked to provide a background economic dossier on the economy of each nation in PowerPoint form (due Dec 9) and present this in class in 10 minutes, followed by a brief class Q&A. I will provide feedback in a group meeting on Zoom (Dec 10). You will also be assigned a policy question. Playing the role of economic policy consultant you will analyse the policy question using class methods, and present the results in a well written, consultant report, in essay form. The group project accounts for 40% of your total grade. A portion (to be discussed in class) of this grade will include a peer evaluation so as to encourage ALL group members to contribute, limiting “free rider” behavior. The final written report is due Dec 24.

### **ASSESSMENT SCHEME**

<b>Task nature</b>	<b>Description</b>	<b>Weight</b>
Group Project	Applied macroeconomics project	40%
Class Quizzes	Two short class quizzes each worth 15%	30%
Individual Assignments	Two short individual assignments, each worth 10%	20%
Class Participation	Constructive contribution to class discussion	10%

### **CHAT GPT POLICY**

Restricted use of ChatGPT is permitted. It is NOT permitted in exams or quizzes, which are closed book. In assignments or projects, students must reference the use and state clearly how they have used (prompts) ChatGpT in a statement in their written work, clearly stating which app they have used. Simply copy and pasting a ChatGpt result will be considered plagiarism, which is not permitted, but thoughtfully using ChatGpt content, appropriately referenced, is permitted.

## COURSE SYLLABUS

Please note this is a tentative schedule. Topic order may be changed and some topics may be removed or modified, based on time constraints, student progression, and continuous improvement.

Classes will be held on the following Sundays: AM (9:00am-12:20pm), PM (2pm-5:20pm)

Lecture	Date	Topics <sup>1</sup>	Reference <sup>2</sup>
1	Nov 5 AM	<b>Introduction to ECON 5200</b> – Course Outline and Admin. Project Outlines. Key Economic Challenges in 2023-24. Foundational Concepts – GDP, Cost of Living, Unemployment	Course Notes, and Ch.23-4, 28
2	Nov 5 PM	<b>Guest Speaker – Mr David Ingles (Bloomberg TV Anchor)</b> – Financial news links to global macroeconomics. <b>Economic Growth</b> – We develop a heuristic version of the Neo-Classical Growth Model and apply it to China	Speaker Notes, Course Notes, Ch.25
3	Nov 19 AM	<b>Savings and Investment and the Financial System</b> – How Financial System, Households, Firms and Government Interact to determine market interest rates	Course Notes and Ch.26, 4**
4	Nov 19 PM	<b>Monetary System and Monetary Policy Tools</b> – The role of Central Banks in the Monetary System and their influence over inflation, unemployment and interest rates.	Course Notes and Ch.29, 15**
5	Dec 3 AM	<b>Monetary Growth, Inflation &amp; Monetary Policy</b> – Classical model of Money - Money Neutrality, the Quantity Theory, Hyperinflation and the role of Monetary Policy	Course Notes and Ch.30, 16-17**
6	Dec 3 PM	<b>Open Economy Macroeconomics – An Introduction</b> - Long-run models such as Purchasing Power Parity, Inflation-Depreciation Spirals to study the Venezuelan Crisis, GFC, Brexit and Contemporary Issues	Course Notes and Ch.31
7	Dec 17 AM	<b>Applying Aggregate Demand and Supply in Cases and Contemporary Economic Challenges</b> – Study COVID-19, Supply Chain Disruptions, Energy Shocks, the Ukraine and our biggest Economic Challenge in 2023-24 – Stagflation Risk!	Course Notes & Ch.26**, Ch.33
8	Dec 17 PM	<b>Class Presentations</b>	

References (no asterisk) for Mankiw except \*\* Mishkin. See recommended learning resources for details.

## CASE READINGS

The teaching cases are posted on Canvas. Students are expected to read the cases before the class, and share their views in the class discussion. The cases chosen for the class this year are as follows:

**China's Miracle Economy** - *China's Miracle Economy: Causes, Consequences, and Current Status*, John Marthinsen; Nestor Azcona (2017)

**India's Demonetization** - *India's Demonetization: A Short-term Loss or a Long-term Gain?*, Geeta Singh; GV Muralidhara

**Venezuela's Macro Crisis** - *Venezuela's Macroeconomic Crisis: An Enduring Ordeal Of Worsening Economy With Alarming Inflation*, Vighneswara Swamy; Kotireddy Tamma (2017)

<sup>1</sup> Case study and supplementary reading information will be provided during class.

<sup>2</sup> Chapters without asterisks refer to Mankiw, N.G., Principles of Economics, 8th Edition, Cengage Learning, 2015 or later additions

## ASSESSMENT TIMETABLE, CASE STUDIES, GROUP DISCUSSIONS

Please note this is a tentative schedule and will be modified when necessary.

Lecture	Date	Cases <sup>3</sup>	Assessment
1	Nov 5 AM		
2	Nov 5 PM	China's Miracle Economy	Assignment 1 Posted
3	Nov 19 AM		Class Quiz 1, Assignment 1 Due
4	Nov 19 PM	FOMC Statement	Assignment 2 Posted
5	Dec 3 AM	India Demonetization	Class Quiz 2
6	Dec 3 PM	Venezuela Macro Crisis	Assignment 2 Due
	Dec 9/10		Project Dossier Due (Dec 9) and Zoom Group Meeting (Dec 10)
7	Dec 17 AM		
8	Dec 17 PM		Class Presentations
	Dec 24		Project Report Due

## SUPPLEMENTARY READINGS

[Guest Contribution: "Is China's growth rate negative?" | Econbrowser, John G. Fernald, Jack Mueller and Mark M. Spiegel \(Federal Reserve Bank of San Francisco\), 2022](#)

[Banks post-Brexit: regulatory divergence or parallel tracks? | Bruegel](#)

[mainly macro: The economic cost of the Brexit decision that Leaver voters do not get to see](#)

[Emerging Economies Must Prepare for Fed Policy Tightening – IMF Blog](#)

[The IMF should suspend interest rate surcharges on debt-burdened countries | PIIE](#)

[A Global Database of Inflation \(worldbank.org\)](#)

[Stagflation: A Primer — Money, Banking and Financial Markets \(moneyandbanking.com\)](#)

[World's Most Bubbly Housing Markets Flash 2008 Style Warnings \(bloombergquint.com\)](#)

## ACADEMIC INTEGRITY POLICY

Honesty and Integrity is a central value in HKUST. Please be aware of the importance to maintain a high standard of honesty in assignments, group projects and examinations in this course. Please familiarize yourself to the university rules and the HKUST academic honor code by visiting following website: <http://www.ust.hk/vpao/integrity/>

<sup>3</sup> These are the formal case studies used in this course. However, we will use other material as discussed in class to analyze several other contemporary and historical economic cases.