

HONG KONG UNIVERSITY OF SCIENCE & TECHNOLOGY



Department of Economics
ECON 5200

Global Macroeconomics (MBA)
(Spring I, 2024-25)

INSTRUCTOR

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CLASS SCHEDULE

Lecture times are Thursdays 7-10:20pm. Teaching mode is “Online” on Zoom. Students participating via Zoom are required to have cameras on, which is MBAO policy.

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.

FINAL EXAM & CLASS QUIZ

The final exam will test your knowledge on the material in the course for 35% of total grade. There will also be a Midterm Quiz worth 25% of your total grade.

GROUP PRESENTATION

The objective of this presentation is to apply various concepts learned in this course real-world situations. Each group will be assigned a particular economy. You will be asked to research the background of a given economy and present this in class in a PowerPoint deck. This will be worth 15% of your assessment and includes a peer evaluation score.

ASSESSMENT SCHEME

| Task nature | Description | Weight |
|------------------------|--|---------------|
| Group Presentation | PowerPoint Oral Presentation in Class | 15% |
| Individual Assignments | Two short individual assignments, each worth 12.5% | 25% |
| Class Quiz | Class Quiz in the middle of the semester | 25% |
| Final Exam | Final Exam in 8 th Week | 35% |

CHAT GPT POLICY

Restricted use of ChatGPT is permitted. It is NOT permitted in exams, 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 Thursday evenings: 7pm-10:20pm

| Lecture | Date | Topics ¹ | Reference ² |
|---------|----------|--|------------------------------------|
| 1 | April 3 | Introduction to ECON 5200 – 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 | April 17 | Economic Growth – We develop a heuristic version of the Neo-Classical Growth Model and apply it to China | Speaker Notes, Course Notes, Ch.25 |
| 3 | April 24 | Savings and Investment and the Financial System – How Financial System, Households, Firms and Government Interact to determine market interest rates | Course Notes and Ch.26, 4** |
| 4 | May 1 | Monetary System and Monetary Policy Tools – 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 | May 8 | Midterm Quiz Monetary Growth, Inflation & Monetary Policy – Classical model of Money - Money Neutrality, the Quantity Theory, Hyperinflation and the role of Monetary Policy | Course Notes and Ch.30, 16-17** |
| 6 | May 15 | Open Economy Macroeconomics – An Introduction - 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 | May 22 | Applying Aggregate Demand and Supply in Cases and Contemporary Economic Challenges – 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 | Mar 29 | Final Exam | |

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)

¹ Case study and supplementary reading information will be provided during class.

² 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 ³ | Assessment |
|---------|----------|-------------------------|------------------------|
| 1 | April 3 | | Assignment 1 Posted |
| 2 | April 17 | China's Miracle Economy | |
| 3 | April 24 | | Assignment 1 Due |
| 4 | May 1 | FOMC Statement | Assignment 2 Posted |
| 5 | May 8 | India Demonetization | Class Quiz |
| 6 | May 15 | Venezuela Macro Crisis | Assignment 2 Due |
| 7 | May 22 | | Group Prez |
| 8 | May 29 | | Final Exam, Group Prez |

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 \(bloombergquint.com\)](#)

EXPECTED WORKLOAD IN ECON 5200

This is not an easy course for some students. The average student should expect to work at least 1 hour on their own for each class hour in this course to understand the material. If you find this type of material challenging, then you will need to put in more work. Class lectures will be posted well ahead of class and students are advised to read the material before lectures. For most students the lecture notes are sufficient but these are complemented by reference chapters in the syllabus on the previous page. We advise students form study groups to discuss course material and unresolved issues can be directed to the teaching assistant or the professor by email or via office hours.

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/vpaa/integrity/>

³ 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.