

Hong Kong University of Science and Technology
 Department of Economics
 ECON2123 Macroeconomics
 Spring 2024

Course Outline for L07 & L09

L07: Tue/Thu 12:00-13:20 (LSK1034)

L09: Tue/Thu 13:30-14:50 (LSK1034)

Course Website: <https://canvas.ust.hk/courses/55493>

	Instructor	Teaching assistant
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1 Course Description

This course is an introduction to macroeconomic theory and policy. Macroeconomics is the study of the behavior of the aggregate economy over time — in terms of the improvement in living standards (known as “economic growth”) in the long run and the ups-and-downs in economic activities (known as “business cycles”) in the short and medium runs, as well as the role of government (especially “fiscal” and “monetary”) policies in stimulating growth and stabilizing cyclical fluctuations. To address issues of growth, cycles, and macro policies, we need a theoretical framework that would allow us to tie together all the markets (e.g., markets for labor, goods, and financial assets) in the macroeconomy and their corresponding quantities (e.g., employment, output, and money) and prices (e.g., wage rates, the general price level, and interest rates). The framework we shall develop for this course is the *AD-AS* model, where *AD* (aggregate demand) is derived from a sub-model for the goods and money markets known as *IS-LM*. These models will be applied to explain and predict macroeconomic performance and policy effects.

1.1 Textbook & lecture notes

- **Text**
 - Blanchard, *Macroeconomics*, 8/e, Pearson, 2021
- **Lecture notes**
 - downloadable from <https://canvas.ust.hk/courses/55493>

1.2 Topics & corresponding chapters in the textbook

- Introduction (Chapters 1-2)
- Economy in the short run
 - The Goods Market (Chapter 3)
 - Financial Markets I (Chapter 4)
 - Goods and Financial Markets: The *IS-LM* model (Chapter 5)
- Economy in the medium run
 - The Labor Market (Chapter 7)
 - Putting All Markets together (Chapter 7 of the 6th edition of the book)
- Open Economy
 - Openness in Goods and Financial Markets (Chapter 17)
 - The Goods Market in an Open Economy (Chapter 18)
 - Output, the Interest Rate, and the Exchange Rate (Chapter 19)
 - Exchange Rate Regime (Chapter 20*)
- Economic Growth*
 - Facts of Growth (Chapter 10*)
 - Saving, Capital Accumulation, and Output (Chapter 11*)
 - Technological Progress and Growth (Chapter 12*)

1.3 Grade composition

- **Homework:** 20%
 - 2 problem sets to be done on a *group* basis (with at most 4 members each)
 - late submission will NOT be accepted
- **Midterm test:** 30%
 - to be held March 26 (Tue) evening
 - no make-up under “all” circumstances
- **Final exam:** 50%
 - cumulative

1.4 Course Delivery

This course is delivered through lectures and tutorials. Students attend two 80-minute lectures per week. Please try to attend all lectures and participate actively in class discussions. Tutorials will be given on a weekly basis. University calendar:

http://registry.ust.hk/calendar_dates/dates23-24confirmed.pdf

Q&A sessions will be scheduled outside of regular class hours before the mid-term and the final, but attendance is optional.

The roles of the following teaching & learning activities in the course & the corresponding SILOs are listed below.

- **Lectures:** Explain key concepts and their applications; use cases and examples to build student's critical and analytical ability [SILOs: 1,2,3,4]
- **Tutorials:** Review and further illustration on important topics; practice problem-solving; encourage discussion and participation [SILOs: 1,2,3]
- **Homework assignments:** Enhance understanding of course materials and their applications through practice [SILOs: 1,2,3]

1.5 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 relations (SILO #1,3);
2. gather and organize the relevant macroeconomic information for a given context (SILO #1,3);
3. apply tools learnt in class to analyse some historical and current macroeconomic events (SILO #2,3);
4. discuss the consequences of a macroeconomic shock or a policy shock (SILO #1,2,3);
5. understand the operation of open economy and exchange-rates related topics (SILO #1,3);
6. develop an appreciation for macroeconomics and a desire to continue further study (SILO #4).

For details of SILOs, please refer to

<http://undergrad.bm.ust.hk/academics/academic-programs/learning-outcomes>

2 Other important matters

2.1 Academic Honesty and Integrity

Academic integrity and honesty are key values of HKUST. Please read the information on academic integrity carefully. It is your responsibility to be familiarize yourself 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. Any violation will be reported to the University WITHOUT EXCEPTIONS.

2.2 Class Etiquette

You are expected to be punctual for both lectures and tutorials. I will start and end the lecture meetings on time. You are welcome to bring your laptop or other devices to lectures for learning purposes. Respect others and avoid any disturbance due to side conversations, Internet surfing, emails-checking, or instant-messaging during lecture time. No eating in class at any time.

2.3 “Netiquette” Statement on Internet Communication

- Remember your audience. If you would not say it in a face-to-face classroom, do not include it in the online discussions either. Consider what you write, as it is a permanent record and can be retrieved easily. Use courtesy and common sense in all your electronic communications.
- DON'T TYPE IN ALL CAPS. This is hard to read and is considered “shouting.”
- Respect the opinions of others and be sensitive to the diverse nature of people in the class. Keep in mind that although you cannot "see" your classmates, you can show respect for individual differences. Diversity issues may include the following and others: race, ethnicity, religion, disabilities, gender, sexual orientation, age, social class, marital status, urban vs. rural dwellers, etc.
- No profanity will be allowed. This includes writing in punctuation. For example, ##%\$#! is considered profanity and is not permitted. Also, language expressed in inappropriate acronyms is not acceptable.