

ECON 2123: Macroeconomics

Section Syllabus: L01 and L10

1. TEACHING ARRANGEMENT

- **Add/Drop period:** 1 to 14 September 2023.
- Proctored midterm and final **exams** will be held **on campus** for all students.
- Based on the teaching arrangement mentioned above, all members of the University **should plan to be in Hong Kong well in time for the Fall term**. Non-local students who are currently not in Hong Kong are advised to make adequate allowances for requirements such as accommodation for quarantine upon your arrival, and other exigencies.
- Office hours are face-to-face, but I will also provide Zoom office hours.

2. WHO ARE THE INSTRUCTORS?

General Information

- Instructor: Marc Dordal Carreras (marcdordal@ust.hk)
- Section Time and Location (3 Units)
 - L01
 - Tuesday 15:00 – 16:20, Room: LTE LSK Bldg
 - Thursday 15:00 – 16:20, Room: LTE LSK Bldg
 - L10
 - Monday 12:00 – 13:20, Room: 2504 LSK Bldg
 - Wednesday 12:00 – 13:20, Room: 2504 LSK Bldg
- Office hours: Monday 14:30 – 15:30, Wednesday 18:00-19:00; Room: LSK 6078
- Zoom Office Hours:
https://hkust.zoom.us/meeting/register/tJEofigpjkqEtJ3jKzON3E_GwOEXUYWYolA
- Course Website: <https://canvas.ust.hk>

Teaching Assistants

- Name: Emily Chen (eckuan@ust.hk)
 - T01: Thursday 18:00 – 18:50, Room: 1033 LSK Bldg
 - T10: Tuesday 17:00 – 17:50, Room: 1007 LSK Bldg
- Office hours: Thursday 16:30-17:30, Location: LSK Bldg 6066

Zoom Office Hours:

<https://hkust.zoom.us/j/99925649636?pwd=eHd6TkhuMG1UdzMwNWdJdFFpeDIZUT09>

Meeting ID: 999 2564 9636

Passcode: 21232123

- Weekly Tutorials
 - In tutorials, we will review course material, sharpen analytical techniques, and cover exercise questions.
 - The first tutorials will be held on September 12 (T10) and 14 (T01).

3. WHAT IS THIS COURSE ABOUT?

Course Description

This is an introductory course in macroeconomics. It covers business cycles in a closed economy, aggregate fluctuation in an open economy, and economic growth. This course deals with theory, data, and economic policies to develop a balanced perspective on the real-world economic environment.

We define major macroeconomic variables, such as gross domestic product, price level, and unemployment rate. Then, we will investigate how the goods and money markets move in the short run (IS-LM). Building on the IS-LM model, we include the labor market in the analysis to derive the AS-AD model for the medium run. We will extend the model to an open economy by bringing trade and exchange rates into the framework. Finally, we will study the long run trends in output, i.e., economic growth.

Required Textbook

- Blanchard, Olivier (2021), *Macroeconomics*, 8th ed., Pearson.
- Chapters from the textbook will be assigned as readings. You are expected to read them.
- A single chapter from the 6th edition will be provided electronically in PDF format.

References

This list is only for those who find macroeconomics fascinating and want to study further in the future. They are not included in the required readings.

- Garin, Julio, Robert Lester, and Eric Sims (2021). *Intermediate Macroeconomics*. https://www3.nd.edu/~esims1/gls_textbook.html
- Schmitt-Grohe, Stephanie, Martin Uribe and Michael Woodford (2019), *International Macroeconomics*. <http://www.columbia.edu/~mu2166/UIM/index.html>
- Landefeld, J. Steven, Eugene P. Seskin, and Barbara M. Fraumeni (2008). “Taking the Pulse of the Economy: Measuring GDP.” *Journal of Economic Perspectives* 22 (2): 193–216. <https://www.aeaweb.org/articles?id=10.1257/jep.22.2.193>
- Romer, David H. (2000). “Keynesian Macroeconomics without the LM Curve.” *Journal of Economic Perspectives* 14 (2): 149–69. <https://www.aeaweb.org/articles?id=10.1257/jep.14.2.149>
- Bernanke, S. Ben (2013), “A Century of US Central Banking: Goals, Frameworks, Accountability.” *Journal of Economic Perspectives* 27(4): 3-16. <https://www.aeaweb.org/articles?id=10.1257/jep.27.4.3>
- Krugman, Paul (1994). “The myth of Asia’s miracle.” *Foreign Affairs* 73, November-December: 62-75.

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

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

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

Hopefully, you can also

- Discuss the consequences of a macroeconomic shock or a policy shock; (SILO #3)
- Develop an appreciation for macroeconomics and a desire to continue further study.

For the details of SILOs, please refer to the following link:

[UG - School Intended Learning Outcomes](#)

Course Format / Teaching Approach:

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 discussions. Tutorials will be given on a weekly basis. Academic calendar: <https://registry.hkust.edu.hk/resource-library/calendar-dates-2023-24>.

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
Tutorials	Review and further illustration on important topics, practice problem-solving, encourage discussion and participation	1,2,3,4
Problem Sets	Enhance understanding of course materials and their application through practice	1,2,3,4

Course Outline and Tentative Schedule

- I. Introduction and Measurement (Chapters 1 and 2): Weeks 1-2

 - II. The Short Run
 - a. The Goods Market and The IS Relation (Chapter 3): Week 3
 - b. Financial Markets and The LM Relation (Chapter 4): Week 4
 - c. Goods and Financial Markets: The IS-LM Model (Chapter 5): Week 5

 - III. The Medium Run
 - a. The Labor Market (Chapter 7): Week 6
 - b. Putting All Markets Together: The AS-AD Model (Chapter 7 from the 6th edition): Week 7

 - IV. The Open Economy
 - a. Openness in Goods and Financial Markets (Chapter 17): Week 8
 - b. The Goods Market in an Open Economy (Chapter 18): Week 9
 - c. Output, the Interest Rate, and the Exchange Rate (Chapter 19): Week 10

 - V. The Long Run (if time permits)
 - a. The Facts of Growth (Chapter 10): Week 11
 - b. Saving, Capital Accumulation, and Output (Chapter 11): Week 12
 - c. Technological Progress and Growth (Chapter 12): Week 13
- The following chapters will be covered in Managerial Macroeconomics (ECON 3024) in Spring 2024: The extended IS-LM model (Chapter 6), the Phillips curve (Chapter 8), the IS-LM-PC model (Chapter 9), expectations (Chapters 14-16), and exchange rate regimes (Chapter 20).

4. ASSESSMENT / EXAMS / PROBLEM SETS

The overall score of the course will be computed according to one of the following two schemes, whichever gives you the **highest** score. Therefore, you can choose to participate in one of the midterm exams, or both. Taking both midterm exams will always increase your chances of obtaining a higher grade. If you miss an exam **without my prior approval**, Scheme 2 will become your default grading scheme.

Assessment Scheme 1

Assessment Activity	Weight on Final Grade
Problem Sets (4 total)	15%
Midterm Exams ((1) and (2))	20%+20% = 40%
Final Exam (cumulative)	45%
Total	100%

Assessment Scheme 2

Assessment Activity	Weight on Final Grade
Problem Sets (4 total)	15%
Midterm Exams ((1) or (2), the highest grade)	35%
Final Exam (cumulative)	50%
Total	100%

Course score will take a numeric value between 0 and 100 as outlined in the schemes above. The detailed construction of the score is as follows:

Computation of the homework's percent:

$$\left(\frac{HW1 \text{ grade}}{Max \text{ HW1 points}} + \frac{HW2 \text{ grade}}{Max \text{ HW2 points}} + \frac{HW3 \text{ grade}}{Max \text{ HW3 points}} + \frac{HW4 \text{ grade}}{Max \text{ HW4 points}} \right) \frac{1}{4} * 15\%$$

Assessment Scheme 1 Exams' percent:

$$\frac{Midterm \ 1 \ grade}{Max \ midterm \ 1 \ points} * 20\% + \frac{Midterm \ 2 \ grade}{Max \ midterm \ 2 \ points} * 20\% + \frac{Final \ grade}{Max \ final \ points} * 45\%$$

Assessment Scheme 2 Exams' percent:

$$Max \left(\frac{Midterm \ 1 \ grade}{Max \ midterm \ 1 \ points}, \frac{Midterm \ 2 \ grade}{Max \ midterm \ 2 \ points} \right) * 35\% + \frac{Final \ grade}{Max \ final \ points} * 50\%$$

Letter grades are based on your absolute score in the course (see table below), and there will be no relative grading or “grade curving”. For your reference, approximately no more than 25% of the students taking this course achieved a letter grade of A- or above in the past.

The conversion of numeric grades into letter grades is as follows:

Final grade, letter scale	Percent grade (over 100)
A+	Top 2 class grades >90, if any
A	>= 90
A-	< 90 - 85
B+	< 85 - 75
B	< 75 - 65
B-	< 65 - 50
C+	< 50 - 40
C	< 40 - 35
C-	<35 - 30
D	< 30 - 25
F	< 25 - 0, or found cheating

Exam dates

Midterm (1)	Section L01: Oct. 3, Time: 15:00-16:20, Room: TBD
	Section L10: Oct. 7, Time: TBD, Room: TBD
Midterm (2)	Section L01: Nov. 7, Time: 15:00-16:20, Room: TBD
	Section L10: Nov. 6, Time: 11:00-12:20, Room: TBD
Final Exam	Time: TBD, Room: TBD

- Attendance to lectures and tutorials is not mandatory but strongly recommend.

Exam, Review Sessions, and Regrading policy

- The final exam is cumulative but focuses on the materials discussed after the midterms.
- We will hold a review session (in class and/or during tutorial) before each exam.
- University holidays (no class): 2 & 23 October
- If there is an issue that prevents you from taking an exam, please contact the instructor BEFORE the exams.
- Regrading policy. If you believe that there is an error in the grading,
 - you can file a formal, typed regrading request to your TA. The request should list the question you want to be regraded and an explanation of why.
 - The request should be emailed to your TA within 7 days after the exam is returned.
 - The TA reserves the right to regrade the entire exam. Scores may increase or decrease as a result.
 - The TA further reserves the right to reject any request for fewer than 3 points.

Problem Sets

- We will have four problem sets, and all of them will be counted toward the letter grade.
- Working in groups is welcome and recommended. However, each student should submit individually written reports.
- Late submissions will not be accepted.
- Graded problem sets will be submitted via Canvas.

5. WHEN YOU HAVE QUESTIONS OR SUGGESTIONS

Email policy

- Please add [Econ 2123] in the title line of your email. It may take up to 2 or 3 days to respond in busy times like exam periods.

Professor Office Hours

- Time and Location: Mon 14:30 – 15:30 and Wed 18:00 – 19:00, LSK 6078.
- If you are not available during the time above, we can arrange a separate meeting. Alternatively, we can talk before or after lessons.
- You can also meet the TA's during the TA's office hours.
- Questions asked right before the due dates of problem sets and exams may not be answered.

6. STUDENT COUNSELING

Many students experience personal and family problems, as well as emotional difficulties, such as depression, suicidal thoughts, and anxiety, while in college. The Counseling and Wellness Center is available to consult with you regarding various emotional health issues that may affect you or your friends. The Counseling and Wellness Center is in Room 5003, Academic Building (via Lift 3). You can also make an online appointment with student counselors. Outside office hours, you can call 8208 2688, which is a 24-hour helpline for all HKUST students.