

ECON 2123: Macroeconomics

Section Syllabus: L05 and L06

1. WHO ARE THE INSTRUCTORS?

General Information

- Instructor: Zhang Chen (zhangchen@ust.hk)
- Section Time and Location (3 Units)
 - L05
 - Monday 10:30 – 11:50, Room: LSK 1009
 - Wednesday 10:30 – 11:50, Room: LSK 1009
 - L06
 - Monday 9:00 – 10:20, Room: LSK 1009
 - Wednesday 9:00 – 10:20, Room: LSK 1009
- Office hours: Monday 13:00 – 14:00, Room: LSK 6080
- Course Website: <https://canvas.ust.hk>

Teaching Assistants

- Name: Emily Chen (eckuan@ust.hk)
 - T05: Monday 18:00 – 18:50, Room: LSK1014
 - T06: Monday 14:30 – 15:20, Room: 2465
- Office hours: Monday 4:00-5:00 pm, Room LSK 6066
- Weekly Tutorials
 - In tutorials, we will review course material, sharpen analytical techniques, and cover exercise questions.
 - The first tutorials will be held on Sep 8 (T05 & T06).

2. 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.

Course credits: 3

Exclusion(s): *ECON 1221, ECON 3123, ECON 3143, SOSC 1440*

Cross-Campus Equivalent Course: *FTEC 2330*

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 – Course Intended Learning Outcomes (“ILOs”)

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

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

Hopefully, you can also

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

For the details of ILOs, 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-2025-26>.

Teaching & Learning Activities	Roles in the Course	ILO 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).

3. ASSESSMENT / EXAMS / PROBLEM SETS

This course will be assessed using **criterion-referencing** and **grades will not be assigned using a curve**. Detailed rubrics for each assignment are provided below, outlining the criteria used for evaluation.

Assessment Scheme

Problem Sets	20%	4 problem sets
Midterm	20% or 25%	10 Oct, Fri, 7:30-9:30 pm
Final	80% - Midterm	TBA

Grading scheme: the total contribution of midterm and final would be 80%. It takes the format: **max (25% Midterm + 55% Final, 20% Midterm + 60% Final)**. That is, given the grades in your midterm and final exams, your final score will automatically be the higher one under these two grading schemes.

Exam, Review Sessions, and Regrading policy

- The final exam focuses on the materials covered after midterm exam. It may contain multiple-choice, true or false questions and essay-type questions which require explanation in writing, graph and calculation.
- We will hold a review session (in class and/or during tutorial) before the final.
- University holidays (no class): 1 October (Wednesday), 29 October (Wednesday)
- **There will be no class on Oct 8 (Wednesday) since the midterm exam is on Friday (Oct 10).** The midterm will take place on 10 Oct (Fri) at LT-J from 7:30 pm to 9:30 pm. It will last 90 minutes and be closed book.
- 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.

Mapping of Course ILOs to Assessment Tasks

Assessed Task	Mapped ILOs	Explanation
Problem Sets, Midterm, Final	ILO1, 2, 3, 4	These tasks assess students' ability to explain and apply basic concepts in macroeconomics (ILO 1), evaluate their implications on business and households' decisions (ILO 2), critically understand and analyze citizenship role in modern economies (ILO 3 and 4).

Grading Rubrics

Problem sets are marked by check(✓) and check-plus (✓+). The TA will assign 20 points for check-plus and 19 points for check based on the following criteria:

- Students who attempt to answer most questions and clearly demonstrate their reasoning will receive a check-plus.
- Students who answered less than 70% of the questions or do not adequately explain their reasoning will receive a check.

Mid-term and final exams will comprise a number of questions with a total numeric score of 100. The exam-specific numeric score will then be transferred into the final numeric score by the assigned weights in the above. Each problem in each exam will have a clear label of scores on the exam paper. The total score of each exam is the sum of the score of each problem.

Final Grade Descriptors:

Grades	Short Description	Elaboration on subject grading description
A	Excellent Performance	Students demonstrate a strong grasp of course materials, effectively utilize tools discussed, excel in problem sets, and perform exceptionally on exams. They exhibit exceptional analytical skills, critical thinking, and effective participation in class discussions.
B	Good Performance	Students exhibit a solid understanding of course materials, proficient use of tools, and competent completion of problem sets. They show commendable analytical skills, effective critical thinking, and participation in class discussions.
C	Satisfactory Performance	Students demonstrate an adequate understanding of course materials, satisfactory use of tools, and completion of problem sets. They display acceptable analytical skills and participation in class discussions.
D	Marginal Pass	Students show limited understanding of course materials, inconsistent use of tools, and incomplete performance in problem sets. Their participation in class discussions is minimal.
F	Fail	Students display a lack of understanding of course materials, inadequate use of tools, and unsuccessful completion of

		problem sets. They show little to no participation in class discussions.
--	--	--

Course AI Policy

Generative artificial intelligence tools are not useful for this course. Students may consult these tools but are not encouraged.

Communication and Feedback

Assessment marks for individual assessed tasks will be communicated via Canvas within two weeks of submission. Students who have further questions about the feedback including marks should consult the TA within five working days after the feedback is received. Specifically,

- Feedback on assignments will explain why a student did not receive a check-plus on their problem sets.
- There will be a paper-checking session during the tutorial after the midterm to review the correct answers to exam questions, discuss the grading policy, and allow students to ask any questions.
- One-on-one paper-checking office hours will be hold after the final exam for students to review their final exam grading.

Resubmission Policy

In general, resubmission after the deadline will be declined. Students with special needs should seek approval for an extension from the instructor **before the submission deadline** with valid reasons and appropriate evidence.

Academic Integrity

Students are expected to adhere to the university's academic integrity policy. Students are expected to uphold HKUST's Academic Honor Code and to maintain the highest standards of academic integrity. The University has zero tolerance of academic misconduct. Please refer to [Academic Integrity | HKUST – Academic Registry](#) for the University's definition of plagiarism and ways to avoid cheating and plagiarism.

4. 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: Monday 13:00 – 14:00, Room: LSK 6080
- Meeting by appointment is possible, but it will be more efficient to do Q&A before or after lectures and during office hours.
- 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.

5. 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.