

Econ 2123: Introduction to Macroeconomics

Department of Economics, HKUST

Instructor

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Office: 6016A LSK Building

Office hours: Fri 3:00-5:00pm or by appointment

TA: To be determined

Course Information

Course number: Econ 2123 Section L2

Course credits: 3

Lecture Time: Mon 3:00-4:20pm, Fri 10:30-11:50am

Location: 1011 LSK Building

Course Description

In this course, we study the basics of modern macroeconomic theories. We start from several key measurements of macro economy, such as GDP, inflation rate, unemployment rate etc., then analyze macroeconomic fluctuates or business cycles in the short term (1 quarter to 2-3 years). In this part, we study goods market and the determination of GDP, financial markets and the determination of interest rates, and proper policy responses to economic fluctuations. We then extend the analysis to an open economy setting by incorporating foreign exchange markets. Finally, we study economic growth, which is most important for the welfare of human beings in the long run (in decades). In this part, we study how savings, technology, innovation, and human capital contribute to long-run economic growth.

Textbook

Blanchard, Macroeconomics, 8th edition (2018), Pearson.

Course Materials

All course-related materials will be available on Canvas: <http://canvas.ust.hk>

Class Mode

Following the instructions from the University, we adopt a **Mixed-Mode Lite** class mode. In particular,

1. Teaching will prioritize interactions with students who are in the classroom. Students online can type questions in Zoom Chat Box to ask questions, and the instructor or TA will occasionally check questions and provide answers.
2. All students who are physically in HK (in-HK students) must take midterm and final exams **in the classroom**. Students who are not physically in HK (not-in-HK students) can take online exam.
3. For this course, we require all in-HK students to take lecture or tutorials **in the classroom**. Not-in-HK students can take Zoom lecture or tutorials.

Depending on how the pandemic goes, the class can switch to pure Mix-Mode or pure online in the future.

School Intended Learning Outcomes (“SILOs”)

Students after this course should be able to

1. Identify important macroeconomic variables and understand their relationships. (SILO # 4.1)
2. Gather and organize the relevant macroeconomic information for a given context. (SILO # 7.2)
3. Apply tools learned in class to analyze some historical and current macroeconomic events. (SILO # 4.2)
4. Discuss the consequences of a macroeconomic shock or a policy intervention. (SILO # 4.3)

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

<http://www.bm.ust.hk/sbmlern/eng/thirdcat.php?sid=5&thirdid=3>

Email Policy

- In the case that you have questions or missed office hour, you can contact me through email. Emails will be answered within 72 hours.
- If you communicate by email, treat it like a business letter rather than a text message! Emails that don't meet the basic standards of professionalism will go unanswered. If you're a little rusty on these standards, you may want to consult this website: <https://writingcenter.unc.edu/tips-and-tools/effective-e-mail-communication/>

Grade Distribution

Component	Percentages
Homework	30%
Midterm exam	30%
Final exam	40%

Homework

- There will be total 5 homework assignments during the semester.
- Late submission is NOT accepted.
- Students, in HK or not in HK, need to submit homework solutions on Canvas.

Midterm Exam

- All in-HK students must take final exam in the classroom, and not-in-HK students will take the exam through Zoom meeting.
- If you cannot attend midterm exam, you must email me or the TA **a week** in advance to provide necessary documents for missing the exam.
- There will be NO make-up exam for the midterm, so the weight of midterm exam will be transferred to final for those who missed the exam.
- There will be a review session in the week before midterm exam.

Final Exam

- All in-HK students must take final exam in the classroom, and not-in-HK students will take the exam through Zoom meeting.
- If you need special arrangement, provide me and the TA with supporting documents and email us at least a week in advance.
- A make-up final will be granted based on some medical or emergent grounds.
- There will be a review session the lecture before final exam.

Regrading Policy

- Regrading is allowed but should be taken seriously only if you found obvious mistakes in grading or grade accounting.
- Contact the TA in a week after you receive the graded paper if you want regrading.
- Regrading may result in either lower or higher grades subject to the TA and my re-evaluation on your answers to relevant questions.

Tentative Course Outline

1. Introduction and Measurement (Chapter 1 and 2): Week 1-2
2. 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
 - d. The Extended IS-LM model (Chapter 6-1, 6-2): Week 6
3. The Medium Run
 - a. The Labor Market (Chapter 7): Week 7

- b. The Phillips Curve, the Natural Rate of Unemployment, and Inflation (Chapter 8):
Week 8
- 4. The Open Economy
 - a. Openness in Goods and Financial Markets (Chapter 17): Week 9
 - b. The Goods Market in an Open Economy (Chapter 18): Week 10
 - c. Output, the Interest Rate, and the Exchange Rate (Chapter 19-20): Week 11
- 5. The Long Run
 - a. Facts of Growth; Saving, Capital Accumulation, and Output (Chapter 10-11):
Week 12
 - b. Technological Progress and Growth (Chapter 13) Week 13