

The Hong Kong University of Science and Technology

Department of Economics

ECON2123: Macroeconomics

2021 FALL

Instructor: Kelvin Yuen
Office: LSK 6083A
Office Hours: Thursday, 2:00 pm - 3:00 pm and by appointment
Email: kelvinyuen@ust.hk
Lecture Time and Location: TuTh 4:30 pm - 5:50 pm, LSK 1011
Class Website: Canvas (<https://canvas.ust.hk/>)

Teaching Assistant TBA
Tutorial Time and Location: Tu 12:00 pm - 12:50pm, LSK 1007
Office: LSK 6066
Office Hours: TBA

Description:

This course is an introduction to macroeconomics, i.e. the study of the aggregate economy as a whole. We will first go over the measurement of key macroeconomic variables and the related issues. Then we will cover the growth of the economy in the long run, and aggregate fluctuations in the short/medium run. Effects of fiscal and monetary policies will also be discussed along the way. We will also examine issues in the open economy. By the end of the course, students are expected to develop the analytical skills necessary (e.g. the IS-LM model) to answer real world problems related to the aggregate economy.

Readings:

- **Required textbook:** Olivier Blanchard, “*Macroeconomics*”, 8th edition (2021), Pearson Education Inc.

We will follow closely (but not strictly) the required textbook. Lecture materials may be added or taken out as appropriate.

Grading:

The final grade of this course can be decomposed as follows.

Class Participation	20%
Assignments	20%
Midterm	30%
Final	30%.

- **Class Participation:** Class participation is measured by both the attendance and the participation in class sessions, tutorials, and online discussions. Attendance is *strongly recommended* for all lectures. If you miss a class, you are responsible for any assignments and/or announcements made during the meeting. Office hours will *not* be utilized to re-teach material presented in class. Moreover, students

are required to participate in online discussions of each topic module. Exceptions for legitimate reasons may be granted on a case by case basis.

- **Assignments:** Assignments will be due on the due date at the beginning of class. Late assignment will not be accepted after solutions are posted. You are allowed and encouraged to collaborate on your assignments. However, homework should be written up independently and being in a study group is not an excuse to turn in completely identical answers.
- **Exams:** The midterm exam will be (tentatively) on **Tuesday, October 19**. The date and time of the *non-cumulative* final exam will be determined later by the University. There will be *no* make-up exam. If you miss an exam, you will receive a zero. In the case of absence due to university-approved valid reasons (e.g. medical reason), the final grade will be determined entirely by other assessments in the course after appropriate reweighting.

Course Delivery

According to the University policy, the default mode for classes in the Fall term will be face-to-face on campus. However, if there are students facing travel restrictions that prevent them from travelling to Hong Kong (subject to approval), this class will be delivered in *mixed-mode lite*:

1. Lecture activities would be conducted to in-class students primarily. There will be limited interaction with online students (e.g. Zoom chat Q&A)
2. All in-HK students (students who are physically in HK) must attend classes, tutorials, midterm and final in person.
3. Alternative arrangements for assessments may be made for students who have been approved to study remotely.

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 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. Understand the operation of open economy and exchange rate related topics. (SILO #6.1)
5. Discuss the consequences of a macroeconomic shock or a policy shock; (SILO # 4.3)
6. Develop an appreciation for macroeconomics and a desire to continue further study. (SILO # 9)

Academic Integrity:

While study groups are strongly encouraged, the assignments and exams must be your own work. As such, evidence to the contrary will result, initially, in a *failing grade* on the assignments/exams, and *immediate academic disciplinary action*. No violation will be tolerated. If you ever feel that these standards of academic integrity are not being met, please notify me or an undergraduate advisor immediately. If you are uncertain about the policy on academic integrity at HKUST, see the Academic Integrity Information for undergraduates students here: <https://ugadmin.ust.hk/integrity/>

“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.
- Write in complete sentences and check spelling before you post anything in class.
- 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.

Course Outline:

(*: if time permitted)

1. Introduction and Measurements (Chapters 1 and 2)
2. The Long Run
 - (a) Facts of Growth (Chapter 10)
 - (b) Saving, Capital Accumulation, and Output (Chapter 11)
 - (c) Technological Progress and Growth (Chapter 12*)
3. The Short Run
 - (a) The Goods Market and The IS Relation (Chapter 3)
 - (b) Financial Markets and The LM Relation (Chapter 4)
 - (c) Goods and Financial Markets: The IS-LM Model (Chapter 5)
4. The Medium Run
 - (a) The Labor Market (Chapter 7)

(b) The Phillips Curve, the Natural Rate of Unemployment, and Inflation (Chapter 8)

(c) From the Short to the Medium Run: The IS-LM-PC Model (Chapter 9*)

5. The Open Economy

(a) Openness in Goods and Financial Markets (Chapter 17)

(b) The Goods Market in an Open Economy (Chapter 18)

(c) Output, the Interest Rate, and the Exchange Rate (Chapter 19*)