The Hong Kong University of Science and Technology
ECON 2123: Introduction to Macroeconomics

Introduction to Macroeconomics
ECON 2123, Sections L1 and L4
Course credits: 3

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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.

- 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.
- Course Website: https://canvas.ust.hk
- 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.
- Lecture Time and Location
  - L01
    - Tuesday 10:30 – 11:50, Room: LSK 1009
    - Thursday 10:30 – 11:50, Room: LSK 1009
  - L04
    - Tuesday 09:00 – 10:20, Room: LSK 1009
    - Thursday 09:00 – 10:20, Room: LSK 1009
- Weekly Tutorials
  - In tutorials, we will review course material, sharpen analytical techniques, and cover exercise questions.
  - The first tutorials will be held on September 10.
  - Tutorial Time and Location
    - T01: Monday 09:30 – 10:20, Room: LSK 1005
    - T04: Thursday 13:30 – 14:20, Room: LSK G001
- Academic Calendar: https://registry.hkust.edu.hk/resource-library/calendar-dates-2025-26

Course Outline and Tentative Schedule

See accompanying schedule spreadsheet for a detailed description of daily topics.

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

3. 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

4. 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

5. 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 2026: 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).

Intended Learning Outcomes (ILOs)
By the end of this course, students should be able to:

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

Hopefully, you can also

1. Discuss the consequences of a macroeconomic shock or a policy shock, (ILO #3).
2. 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

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

Assessment and Grading
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.

Assessments:
Ordered chronologically by due date.

Assessment Task	Contribution to Overall Course grade (%)	Due date
Problem Set 1	5%	25/09/2025 *
Problem Set 2	5%	16/10/2025 *
Mid-Term	See grading scheme below	23/10/2025 *
Problem Set 3	5%	13/11/2025 *
Problem Set 4	5%	29/11/2025 *
Final examination	See grading scheme below	TBD *

* Assessment marks for individual assessed tasks will be released within two weeks of the due date.

Exams (80%, with two schemes): There will be ONE **in-class** midterm exam (**October 23, Thursday; venue: TBD**) and one final exam (TBD). Grading scheme: *max* (25% Midterm + 55% Final, 20% Midterm + 60% Final).

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

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.

Grading Rubrics
Detailed rubrics for each assignment will be provided. These rubrics clearly outline the criteria used for evaluation. Students can refer to these rubrics to understand how their work will be assessed.

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 and critical thinking.
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 and effective critical thinking.
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.
D	Marginal Pass	Students show limited understanding of course materials, inconsistent use of tools, and incomplete performance in problem sets.
F	Fail	Students display a lack of understanding of course materials, inadequate use of tools, and unsuccessful completion of problem sets.

Course AI Policy
The use of generative artificial intelligence tools to complete assessment tasks is allowed.

Communication and Feedback
Assessment marks for individual assessed tasks will be communicated via Canvas within two weeks of submission. Feedback on assignments will include a numerical grade and optional comments for

improvement. Students who have further questions about the feedback including marks should consult the instructor within five working days after the feedback is received.

Exam, Review Sessions, and Regrading policy

- 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.
- The final exam is cumulative and includes materials covered before and after the midterm.
- We will hold a review session (in class and/or during tutorial) before each exam.
- 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.

Required Texts and Materials

- 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.

Pearson, the book publisher, offers the following options for purchasing the book on campus or through the intranet. You are welcome to use these options or any other method of your choice.

The below two formats of the textbook are available for students this Fall Semester.

FORMAT	ISBN	TITLE DESCRIPTION
Print	9781292351476	Macroeconomics, Global Edition, 8E
Digital	9781292351605	MyLab Economics with Pearson eText for Macroeconomics, Global Edition, 8E

For the digital option, MyLab Economics, students can order online from the intranet, and the bookshop would provide the access code through email in around 2 to 3 working days.

Online purchase link:
https://w5.ab.ust.hk/cgi-bin/std_cgi.sh/WService=broker_ba_p/prg/ba_stdt_main.r

Pearson's online platform, MyLab Economics, offers additional services (free or paid) related to the book, such as extra practice exercises. The course **does not require** the purchase of any additional services or materials beyond the book mentioned above. If you wish to register for MyLab Economics, please refer to the instructions and registration codes provided in the PDF link below:
https://www.dropbox.com/scl/fi/12vhjsfryyohg2barghgy/MyLabEcon-student-registration-HKUST-ECON2123_FALL-2024-Prof.-Marc-Dordal-Carreras.pdf?rlkey=mlakteovxvhh2a20scm589ffo&st=i8s0824y&dl=0

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.

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.

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.