

# Basic Macroeconomics, ECON 2021C

Spring 2021

January 8, 2021

## 1 General Information

**Instructor:** PEI, Guangyu

**Office:** ELB 904 or through Zoom (whenever the former is impossible)

**Office Hours:** 3:30-4:30 pm, Monday

**Email:** guangyu.pei@cuhk.edu.hk

**Lectures:** 8:30 - 11:15 am, Friday. Jan 15, 2021 - Apr. 23, 2021. No lectures on Feb 12 and April 2.

**Venue:** Online through Zoom

**Teaching Assistant:** KAM, Yu Fai (kamyufai@link.cuhk.edu.hk )

Wang, Yishu (wangy@link.cuhk.edu.hk)

**Textbook:** *Macroeconomics* by Oliver Blanchard, 7th edition, Pearson.

**Lecture Notes:** Lecture notes for each lecture will be posted on BLACKBOARD prior to the class.

**Problem Sets and Tutorial:**<sup>1</sup> Problem sets are important part of the course and they are intended to help students better understand the class materials. Students are encouraged to work in groups, but it is necessary to *turn in solutions individually*.

Attending tutorials is voluntary. However, no answers will be posted on the website or given to students. If you want to know the answers, you should attend the tutorials for the oral explanations. Tutorials will normally start from the third/fourth teaching week (we will make announcement to confirm this).

## 2 Course Description

Macroeconomics is the study of the economy as a whole or at the aggregate level. And it is concerned with many exciting questions in economics: Why some countries are so poor while others are rich? Why some countries grow and others stagnate? What drives the booms and recessions? How do government policies affect aggregate output, unemployment and inflation? It proves to be difficult to understand all these questions with one theory or within a single model. Macroeconomists develop models to deepen the understanding from different angles. This course aims to covers the basic concepts in macroeconomic theory that covers broad topics in modern macroeconomics including

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<sup>1</sup>Time for tutorial and office hours of the TAs are to be discussed in the first lecture.

- Business cycles - the short-to-medium run perspective
- Economics growth - the long run perspective
- Money and prices
- Governments and central banks

### 3 Course Objectives and Learning Outcomes

The course aims to equip students with concepts and knowledge of modern macroeconomics; and help students develop skills and intuitions for the analysis of the economy from the macroeconomic perspectives. Upon completing the course, students are expected to be able to (I) analyze real world macroeconomic issues with macro models; and (II) provide critical analysis of macroeconomic policies.

## 4 Course Information

### 4.1 Assessment:

- Problem sets, **30%**
  - Problem sets together with due dates will be posted on the blackboard website with the on-going of the course.
  - Please read and sign on a statement about academic honesty before submission of your assignments. (Please browse <http://www.cuhk.edu.hk/policy/academichonesty>.)

- Mid-term exam, **30%**

**Time and Venue: 9:00 - 10:30am, March 19, 2021, Online Testing Using Zoom, Details to be announced later.**

There will be no makeup test for mid-term exam. If you miss the mid-term due to documented illness or emergency and have received my approval no later than 7 days after the mid-term, the 30% will be moved to the final exam. Namely, final exam counts for 70% in that case. Note that approval is not always granted and will depend on your document and/or reasons submitted. Otherwise, you simply receive a zero mark for the mid term. Only a medical note either (i) issued by the clinic of the University Health Service (UHS) or (ii) issued by a doctor registered in the Medical Council of Hong Kong with the notes endorsed by the UHS will be accepted. The original copy, not photocopy, must be shown to me.

- Final exam, **40%**
  - To be arranged by the University Examination Section during the exam period (April 28 to May 15, 2021). You should follow the University regulations (including sick leave) about final examination.
  - Exchange students are reminded that early departure is NOT a valid reason for not taking the final and no makeup exam will be given for this reason.

## 4.2 Topics to be covered (subject to potential changes)

- **Introduction to Macroeconomics** Chapter 1 & 2;
- **SHORT-RUN**
  - **Topic 1 : Goods Market** Chapter 3;
  - **Topic 2 : Financial Market I** Chapter 4;
  - **Topic 3 : IS-LM Analysis I** Chapter 5;
  - **Topic 4 : Financial Market II and IS-LM Analysis II** Chapter 6;
- **MEDIUM-RUN**
  - **Topic 5 : Labor Market** Chapter 7;
  - **Topic 6: The Phillips Curve** Chapter 8;
  - **Topic 7: From the Short to the Medium Run: IS-LM-PC** Chapter 9;
- **LONG-RUN**
  - **Topic 8 : Economic Growth** Chapter 10 & 11 & 12;
- **Elective Topics**
  - **Topic 9 : Expectations** Chapter 14 & 15 & 16;
  - **Topic 10: Open Economy** Chapter 17 & 18 & 19 & 20;

## 5 University-wide Policy on Academic Honesty

Academic honesty and plagiarism Attention is drawn to University policy and regulations on honesty in academic work, and to the disciplinary guidelines and procedures applicable to breaches of such policy and regulations. Details may be found at <http://www.cuhk.edu.hk/policy/academichonesty/>. With each assignment, students will be required to submit a signed declaration that they are aware of these policies, regulations, guidelines and procedures. For group projects, all students of the same group should be asked to sign the declaration. For assignments in the form of a computer-generated document that is principally text-based and submitted via VeriGuide, the statement, in the form of a receipt, will be issued by the system upon students' uploading of the soft copy of the assignment. Assignments without the receipt will not be graded by teachers. Only the final version of the assignment should be submitted via VeriGuide.