THE CHINESE UNIVERSITY OF HONG KONG
DEPARTMENT OF ECONOMICS

ECON3021
INTERMEDIATE MACROECONOMIC THEORY

COURSE OUTLINE
(2023-2024 Second Term)

COURSE DESCRIPTION

Macroeconomics is the study of economic aggregates, focusing on the aggregate behavior of large collection of economic agents. This one-semester course is divided into two major parts – Long-run and Short-run macroeconomics. In the Long-run part of the course, we will cover topics such as economic growth and development, inflation and equilibrium unemployment, government debt and the public pension system.

In the Short-run part of the course, we focus mainly on theories of business cycles. Macroeconomic models based on microfoundations will be discussed. In addition, we will study basic monetary and banking models, public finance, and international macroeconomics. Major historical macroeconomic events will also be analyzed, and optional topics will be added if time permits.

LEARNING OUTCOMES

After completing this course, students should be able to:

1. Understand the importance of economic growth and development, and the theories that seek to explain reasons for economic growth.
2. Handle macroeconomic models both graphically and algebraically. Be able to make forecasts/predictions based on these models.
3. Evaluate the effects of macroeconomic policies and shocks on the domestic economy in the short run/long run and how macroeconomic aggregates are determined in the long run.
4. Develop a linkage between assumptions and academic theory building, and be able to criticize the theories and their limitations
5. Be better aware of the historical developments of macroeconomics and how major economics challenges have shaped the thinking of macroeconomics

THE TEACHING TEAM

Instructor	Wallace K. C. Mok
Email	wallacemok@cuhk.edu.hk
Office	ELB 905
Office Hours	See Blackboard's weekly announcements Walk-in consultations welcomed

Teaching Assistant	LIN Zhenhe	YU Jinghai
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Office	ELB908	ELB1016
Office Hours	By appointment	Mon 15:00 - 16:00

LECTURE HOURS

Tuesday 2:30-5:15 Cheng Yu Tung Building LT1B

ASSESSMENT SCHEME

The assessment is based on:

Instrument	Weight
Problem Sets / in-class quizzes	35%
Midterm	30%
Final	35%
Total	**100%**

COURSE TEXTBOOKS

In addition to the readings that are featured in Blackboard, the **main textbook** is:

- *Macroeconomics* – 11th Edition, by N. Gregory Mankiw, Worth Palgrave Macmillan

Or

- Macroeconomics – by Charles I. Jones, Norton

In addition, there are 3 additional textbooks that you can purchase for reference purposes. You are **NOT** required to purchase any of these reference textbooks. The books by Romer and Acemoglu are quite advanced. The book by Sloman is quite easy to read.

- *Advanced Macroeconomics,* by David Romer, McGraw-Hill/Irwin

- *Introduction to Modern Economic Growth.* by Daron Acemoglu, Princeton University Press
- *Economics,* by John Sloman, Prentice Hall

COURSE MATERIALS

Course materials (lecture slides, lecture notes, additional readings, problems sets and their solutions) will be posted on Blackboard

TUTORIALS

Arrangements will be announced.

HONESTY IN ACADEMIC WORK

Students must observe the University's policy on Honesty in Academic Work (please see http://www.cuhk.edu.hk/policy/academichonesty/).

CONTENTS (Tentative)/READING LIST
(S=Skill, C=Content)

Part 1. The Macroeconomy in the Long Run

Week	Topics	Readings
1 (9/1)	**A. Introduction to Macroeconomics** 1. Economic Statistics (S) 2. National Income Accounting (S) 3. Introduction to Classical Macroeconomics (C)	1,2 (Mankiw) 1, 2 (Jones)
2-4 (16/1 to 30/1)	**B. Economic Growth** 1. Meaning of Economic Growth and Development (C) 2. Solow Growth Models (S, C) 3. Endogenous Growth Theory (S, C)	3, 8-10 (Mankiw) 3- 6 (Jones)
5 (6/2)	**C. Unemployment** 1. The Beveridge Curve, Job Creation Curve and Equilibrium Unemployment (S, C) 2. Search Theory (S, C)	4, 5, 7 (Mankiw) 7 – 8 (Jones)
7 (20/2)	**D. Intertemporal Optimization** (S)	17 (Jones)
8 (27/2)	**E. Inflation** 1. Quantity Theory of Money (C) 2. Monetary Policy in the Long Run (C) 3. Hyperinflation (C)	
9 (12/3)	**F. Government Debt and Demographic Trends** 1. Budget Deficit and Ricardian Equivalence (C) 2. Demographic Trends and the Macroeconomy (C) 3. Public Pension (Social Security) (S, C)	18 (Mankiw) 17 (Jones)

Part 2. The Macroeconomy in the Short Run

Week	Topics	Readings
10-11 (19/3 & 26/3)	**A. The Business Cycle** 1. IS/LM Model, Aggregate Demand and Aggregate Supply (S, C) 2. Keynesian Macroeconomics and Monetarism (C)	11-13 (Mankiw) 9-11, 13-14 (Jones)
12-13 (9/4 & 16/4)	**B. Macroeconomic Policies in the Short run** 1. The role of the government in the economy (C) 2. The First Fundamental Theorem of Welfare Economics (C) 3. Elements of Public Finance (C) 4. Fiscal vs. Monetary Policy (C)	17 Mankiw)
	C. Understanding the World Economy (if time permits) 1. The Great Depression (C) 2. The Japanese Recession (C) 3. The Great Recession (C) 4. Thatcherism and the British Economy in 1970-1990 (C)	Readings from Blackboard

GRADE DESCRIPTORS

A	Student has a firm grasp of the concepts covered and be able to demonstrate outstanding performance on all learning outcomes. Student is able to articulate the arguments cogently, supported by economic theories and rigorous calculations. Be able to logically deduce answers from economic models.
A-	Student has a strong grasp of the concepts covered and has generally outstanding performance on all (or almost all) learning outcomes. Student shows very good arguments supported by economic theories.
B+	Student has high performance on some learning outcomes and is able to select the suitable economic theory supporting his/her arguments. There may be shortcomings in the accuracy of answers, and minor logical inconsistencies.
B/B-	Satisfactory performance on the majority of learning outcomes, possibly with a few weaknesses.
C	Barely satisfactory performance on a number of learning outcomes. Student is unable to elicit arguments using the theories covered, with answers that are mostly inconsistent with assumptions.
D	Barely satisfactory performance on many learning outcomes.
F	Unsatisfactory performance on a number of learning outcomes, OR failure to meet specified assessment requirements.