



**THE CHINESE UNIVERSITY OF HONG KONG
DEPARTMENT OF ECONOMICS**

**ECON3021
INTERMEDIATE MACROECONOMIC THEORY**

**COURSE SYLLABUS
(2024-2025 First 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.
3. Evaluate the effects of macroeconomic policies and shocks on the domestic economy in the short run and how macroeconomic aggregates are determined in the long run.
4. Understand the functioning of fixed and flexible exchange rate regimes.
5. Understand the theoretical and practical limitation of central bank independence.

THE TEACHING TEAM

Instructor	Wallace K. C. Mok
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Office	ELB 905
Office Hours	Walk-in consultations welcomed

Teaching Assistant	DAI Qiyu	YU Jinghai
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Office	ELB1017	ELB1016
Office Hours	By appointment	By appointment

LECTURE HOURS

Monday 2:30pm - 4:15pm YIA LT7
Wednesday 1:30pm – 2:15pm YIA LT7

ASSESSMENT SCHEME

The assessment is based on:

Instrument	Weight
Midterm	50%
Final	50%
Total	100%

COURSE TEXTBOOKS

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

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

Part 1. The Macroeconomy in the Long Run

	Reading (Chapters)
A. Introduction to Macroeconomics (Week 1-2) 1. Economic Statistics 2. National Income Accounting 3. Introduction to Classical Macroeconomics.	1,2 (Mankiw) 1, 2 (Jones)
B. Economic Growth (Week 3-6) 1. Meaning of Economic Growth and Development 2. Malthus and Solow Growth Models 3. Endogenous Growth Theory	3, 8-10 (Mankiw) 3- 6 (Jones)
C. Inflation and Unemployment (Week 7-8) 1. Hyperinflation 2. The Beveridge Curve, Job Creation Curve and Equilibrium Unemployment 3. Search Theory	4, 5, 7 (Mankiw) 7 – 8 (Jones)
C. Government Debt and Current Demographic Trends (Week 9) 1. Budget Deficit and Ricardian Equivalence 2. Demographic Trends and the Macroeconomy 3. Public Pension (Social Security)	18 (Mankiw) 17 (Jones)

Part 2. The Macroeconomy in the Short Run

	Reading (Chapters)
A. The Business Cycle (Week 10-11) 1. IS/LM Model, Aggregate Demand and Aggregate Supply 2. Classical Macroeconomics 3. Keynesian Macroeconomics and Monetarism 4. Forecasting – Vector Autoregression (If time permits)	11-13 (Mankiw) 9-11, 13-14 (Jones)
B. Fiscal Policy: Introduction to Public Finance (Week 12-13) 1. The role of the government in the economy and the First Fundamental Theorem of Welfare Economics 2. Elements of Public Finance 3. Optimal Taxation (if time permits)	17 (Mankiw)
C. Open Economy Macroeconomics (if time permits) 1. The ISLM Model in the Open Economy 2. Exchange Rate Regimes 3. Exchange Rate Crises	14 (Mankiw) 18-19 (Jones)
D. Consumption and Housing Economics (if time permits) 1. Life-cycle hypothesis 2. The Consumption Euler Equation 3. Consumption and Income Volatility 4. Permanent Income Hypothesis 5. The Hong Kong housing market and the macroeconomy	20 (Mankiw) 15 (Jones)
E. Understanding the World Economy (if time permits) 1. The Great Depression 2. The Japanese Recession 3. The Great Recession 4. Thatcherism and the British Economy in 1970-1990	-

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 calculation.
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
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
D	Barely satisfactory performance on many learning outcomes
F	Unsatisfactory performance on a number of learning outcomes, OR failure to meet specified assessment requirements.