

Instructor: Carsten A. Holz

Office hours: Tuesday 12noon-1pm, Room 2383

Contact: socholz@ust.hk. Please include course code "SOSC 1440" in the subject line.

Teaching assistant (subject to final enrollment numbers):

Stephen CHOY Chi Ho, choyho@ust.hk, office hours Tue and Thu 2-3pm, Room 3005 (Lift 4)

The teaching assistants is not authorized to respond to any form of special request.

Please read this syllabus in full before contacting instructor or teaching assistant.

Class webpage: CANVAS

Course description

This course introduces the fundamental principles of microeconomics and macroeconomics. For many students, this may be the only economics course they ever take. Therefore, after the first three weeks, we focus on macroeconomics, the part of economics you will most likely find useful in the future, such as when following economics discussions in the news.

We cover basic concepts of supply and demand, the definition and construction of macroeconomic variables, the determination of output, unemployment, prices, and interest rates in the long run and in the short run, and an introduction to open economy macroeconomics. In detail, the course covers:

- the seven core principles of economics through which to view, analyze, and understand current economic scenarios.
- a comprehensive treatment of the key variables of interest to economic policy makers and citizens, namely output, inflation, and employment.
- a clear distinction between real and nominal data and their implications.
- determinants of economic growth in the long run, some facts of economic growth, and the implications of economic growth.
- business cycles with the determinants of output, employment, and interest rates in the short run and policy options to address recessionary or expansionary gaps, and analysis of the multiplier effect.
- a discussion of the objectives and tools of macroeconomic policy.
- an introduction to the international economy with the economics of the current account and the foreign exchange market, and its implications.
- a discussion of current and recent economic events, including the 2008 U.S. financial crisis.

Intended learning outcomes

On completion of the course, students are expected to be able to:

- Understand the basic logic of economic reasoning.
- Apply basic economic analysis to explain and predict economic outcomes.
- Have a deeper understanding of economic issues and events.
- Be able to critically evaluate discussions of economic issues.

Textbook

Frank, Robert H., and Ben S. Bernanke. *Principles of Macroeconomics* (brief edition). McGraw-Hill, 2nd edition, 2010 (or 2011). [Abbreviated below "FB."]

Supplementary material may be added. We use powerpoint slides. These are posted on CANVAS.

Requirements and grading

(1) Assignments: 16%. 2% (pass/fail) for each assignment up to a maximum of 8 assignments, out of approximately 10. Assignment answers will not be graded. Assignment answers will be discussed in class. We may distribute model answers. If we do, it will likely be with a time lag. Assignment questions will be posted on CANVAS, typically referring to textbook end-of-chapter “Problems” (questions). Assignment answers must be handed in via CANVAS.

Copy your answers into the CANVAS window. Don’t worry about formatting.

Do *not* attach a file. If the assignment question asks for a chart or table, do it for yourself (no need to submit).

You may want to bring a copy of your answers to class for use during class discussions.

You are free to collaborate with other students in pondering answers to the assignment questions, but your answers must be written up separately (must not be identical). If your answers are identical or near-identical to those of one or more other students, all students concerned receive zero points, and will be informed so within one week of the submission deadline.

If you experience problems with CANVAS, it is your responsibility to resolve the problems with CANVAS technical support. It would seem best to do the first assignment, so that if there is a technical difficulty (and you receive zero points for the first assignment) you still have enough opportunities to score full points on assignments.

Late submissions are *not accepted* under any circumstances (including illness, family emergencies, technical difficulties with CANVAS, or joining the course late).

(2) One midterm exam, in class: 34%. Date: Tuesday 27 March 2018.

(3) Final exam: 50%. The final exam is cumulative. Date: as determined by the university.

Questions from the midterm exam will not be repeated on the final exam.

Active class participation is expected.

Missing the midterm exam

No apology is needed if you miss the midterm exam (for whatever reason, oversleeping, illness, family emergency, don’t feel like taking the midterm exam), and *no penalty is imposed*. There is no make-up midterm exam. If you miss the midterm exam, the weight of the midterm exam is added to the final exam. (The weight of the final exam then is 84%.) If you take the midterm exam, it counts. (You cannot afterwards decide if it counts or not.)

Missing the final exam.

Missing the final exam implies a final exam score of zero, with the following *exceptions*, in which cases *you have to take the initiative* to be given a (essay-only) make-up exam: (i) the university excuses you from taking the final exam; (ii) any university rules regarding multiple final exams within a short time period apply; (iii) *documented* medical emergencies, or family emergencies, approved by the instructor.

In the case of a medical emergency, a doctor’s certificate stating specifically that you were too ill to work on the day of the final exam is required. (A statement that you saw the doctor is not good enough.)

In the case of a family emergency, regarding a close family member, objective documentary evidence is required. An email from you, or a letter from a parent, is not enough. You need to document the specific family emergency and to the greatest extent possible your presence at this emergency.

Miscellanea

Class attendance. No attendance is taken. The course closely follows the textbook. It may also involve news items (we’ll try to put those on CANVAS), short video clips (for illustration of an item covered in the textbook), and probably at least one documentary film. You are free to self-study and not attend the class. An attempt will be made—this is not a guarantee—to design the exam such that those who self-study have equal chances of doing well as students who attend class, as long as self-study students follow all postings on CANVAS and come to class for the documentary film and its discussion as well as whenever especially prompted by a notice on CANVAS to come to class. (Students who self-study may want to consider not taking part in the teaching evaluation as they will not have experienced the instructor teach.)

The midterm exam and the final exam will likely follow a multiple choice and possibly True/False format. One or more essay questions will likely be on the final exam, and possibly on the midterm exams. Exams are closed book/closed notes. Bring a simple calculator (and your student ID and writing utensils) to all exams. *Programmable* calculators, cell phones, etc., are prohibited.

The midterm exam and the final exam cover material presented/discussed in class, assignments, film, and the required readings (including supplementary readings and news items as covered in class).

Exams will not be returned to the student. The midterm exam can be viewed in office hours of a teaching assistant during the seven days following release of the exam score.

You can appeal the grading of the midterm exam to the instructor within ten days of release of your score. Specify in writing where and why you should get more points. You will receive a written response. A key issue is fairness to everyone and the grading rule used for the whole class will be maintained. The instructor may re-grade your *whole* exam (with the possibility of a lower score).

There are no extra-credit assignments.

What we do in class does not necessarily have a one-to-one correspondence with the required readings.

If you miss a class that you wanted to attend, please make arrangements with a fellow student for them to explain the class to you or to share their notes with you. You can also talk to the TA, but the TA is not responsible for repeating a class to you. The instructor's lecture notes are not distributed. (They closely follow the textbook.)

Email: Before emailing, please check this syllabus. Please email only one of us. If you nevertheless choose to email several of us, please *use the cc function*. Please raise general questions about exams or grading policy in class for everyone to hear the question and answer. The instructor will not respond to emailed questions regarding exams or grading policy, and will address such issues in class only. TAs are not authorized to answer questions regarding exams or grading policy.

Final course grade. The final course grade is (i) based on a histogram of all student (total) scores, (ii) taking into consideration an absolute standard and (iii) the grade distribution in similar courses in the past. (A histogram frequently shows student scores to come in clusters and those naturally translate into A, B, etc. clusters.) When in doubt, the class mean is equivalent to a B-, and actual grading may diverge in either direction.

Class Schedule

Focus on chapter title; chapter numbers can differ in different issues of the textbook. The Hong Kong edition likely has two extra chapters, irrelevant for us, which were appendices in the U.S. edition. -- The exact timing may change. In particular, we may go a bit faster early on.

Week 1: Thursday 1 February

FB Part I: Introduction

FB 1 "Thinking Like an Economist" (Appendix may be labeled Chapter 2 in HK edition.)

Week 1 continued: 6 and 8 February

FB 1 "Thinking Like an Economist" (continued)

FB 2 "Comparative Advantage" (May be Chapter 3 in HK edition.)

Week 2: 13 and 15 February

FB 3 "Supply and Demand" (Appendix may be labeled Chapter 5 in HK edition.)

Week 3: 20 and 22 February – Week 3-5: we may proceed a bit faster than scheduled here

FB Part II: Macroeconomics: Data and Issues

FB 4 "Spending, Income, and GDP"

Week 4: 27 February and 1 March

FB 5 “Inflation and the Price Level”

Week 5: 6 and 8 March

FB 6 “Wages and Unemployment”

Week 6: 13 and 15 March

FB Part III: The Economy in the Long Run

FB 7 “Economic Growth”

FB 8 “Saving, Capital Formation, and Financial Markets”

Week 7: 20 and 22 March

FB 9 “Money, Prices, and the Financial System”

Week 8: 27 and 29 March [no class 3 and 5 April]

27 March Midterm Exam

29 March Film *Inside Job*

Week 9: 10 and 12 April

Film *Inside Job* (continued) and discussion

FB Part IV: The Economy in the Short Run

FB 10 “Short-Term Economic Fluctuations”

Week 10: 17 and 19 April

FB 11 “Spending, Output, and Fiscal Policy”

Week 11: 24 and 26 April

FB 12 “Monetary Policy and the Federal Reserve”

Week 12: 3 May [no class 1 May]

FB 13 “Aggregate Demand, Aggregate Supply, and Stabilization Policy”

Week 13: 8 May

FB Part V: The International Economy

FB 14 “Exchange Rates, International Trade, and Capital Flows”

If the final weeks’ schedule changes, we may or may not cover this last textbook chapter.

Final exam: date as determined by the university