

<b>Course Title</b>	: Intermediate Macroeconomics
<b>Course Code</b>	: ECO3202
<b>Recommended Study Year</b>	: Second or above
<b>No. of Credits/Term</b>	: 3
<b>Mode of Tuition</b>	: Lecture-Tutorial
<b>Class Contact Hours</b>	: 3 hours per week, 2 hours lecture and 1 hour tutorial
<b>Category in Major Prog.</b>	: Major in Economics (Elective Course)
<b>Discipline</b>	: Economics
<b>Prerequisite(s)</b>	: (a) ECO2101 Introduction to Economics, or (b) Level 3 or above in HKDSE Economics, or (c) Grade D or above in AL Economics, or (d) BUS2105 Microeconomics for Business and BUS2108 Global Business Environment)
<b>Instructor</b>	: Professor FAN, C. Simon
<b>Office</b>	: WYL224

### **Course Description**

This course provides a modern convergence for intermediate macroeconomics both in the short run and in the long run. It analyses the issues on economic growth, economic fluctuations and examines how the macroeconomic policies can be used to promote economic growth and stabilize the economy such as reducing unemployment and controlling inflation. It also presents an analysis of the micro-foundations of macroeconomics.

### **Learning Outcomes (LOs)**

Upon completion of the course, successful students should be able to:

1. demonstrate an understanding of the operation of the macro economy in terms of macro- economic principles and models and assess the scope and limitations of theoretical arguments.
2. use graphs and diagrams to describe and to analyse the macro economy, the phenomena of economic growth and fluctuations in output, inflation and unemployment.
3. explain the policy effects on the economy with data and diagrams and implement major macroeconomic policy tools to improve economic performance; and
4. use and analyse actual data to study how the real economy works and differentiate the performance of the economy in the short run and in the long run.

### **Measurement of Learning Outcomes**

Your final grade will be based on continuous assessments (many presentations and frequent discussions) and the final exam.

Continuous assessment	:	40%
- Midterm		20%
- Tutorial discussions and presentations		20%

Final exam	:	60%
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### **Indicative contents**

#### **I. Introduction**

Scope and measurement in macroeconomics

#### **II The Real Economy in the Long Run**

##### **1. Long Run Economic Growth**

- (1) The Production of Goods and Services
- (2) Distributing National Income to the Factors of Production
- (3) The Solow growth model
- (4) Endogenous growth theory

##### **2. Unemployment**

- (1) The Natural Rate of Unemployment
- (2) Job Search and Frictional Unemployment
- (3) Wage Rigidity and Wait Unemployment
- (4) Unions and Collective Bargaining
- (5) Efficiency Wages

##### **3. Consumption**

- (1) Irving Fisher and Intertemporal Choice
- (2) The Life-Cycle Hypothesis
- (3) The Permanent-Income Hypothesis
- (4) The Debates Over Government Fiscal Policy

#### **III. Money, Prices, and Exchange Rate in the Long Run**

##### **1. Money and Inflation**

- (1) Money and Money Supply

- (2) The Quantity Theory of Money
  - (3) Inflation and the Interest Rate
  - (4) The Nominal Interest Rate and the Demand for Money
  - (5) The Social Costs of Inflation
2. An Introduction to Open Economy Macroeconomics
- (1) The international flows of capital and goods
  - (2) Nominal and real exchange rates
  - (3) Fixed Exchange Rate System vs. Floating Exchange Rate System
  - (4) The Real Exchange Rate and the Trade Balance
  - (5) The Determinants of Nominal Exchange Rate

#### **IV. Business Cycles and Macroeconomic Policy**

- 1. Introduction to Economic Fluctuations
- 2. The *IS-LM* Model
  - (1) The Goods Market and the *IS* Curve
  - (2) The Money Market and the *LM* Curve
  - (3) Explaining Fluctuations with the *IS-LM* Model
  - (4) *IS-LM* Model as a Theory of Aggregate Demand

#### **Course Materials**

*Essential:* Gregory N. Mankiw (2020) *Macroeconomics*, Worth Publishers.

#### *Recommended/Supplementary Readings*

Abel, A. and B. Bernanke (2018), *Macroeconomics*, Addison-Wesley Publishing Company.

Barro, Robert J. (1993), *Macroeconomics*, John Wiley and Sons.

#### **Warning**

According to Lingnan University and Social Science Programme policy, plagiarism is “presentation of another person’s work without proper acknowledgment of the source.” Plagiarism (unattributed copying) will be heavily penalized and may attract a zero mark and disciplinary action. With regard to your coursework in particular, you are reminded that you must note the sources of quotations, data, and general information in the essay. These sources and references should appear in alphabetical order in your list of references or bibliography.

Students shall be aware of the University regulations about dishonest practice in course work and the possible consequences as stipulated in the Regulations Governing University Examinations.

Important Notes:

- (1) Students are expected to spend a total of 9 hours (i.e. 3 hours of class contact and 6 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.
- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.
- (5) Students are required to fill in a mid-term survey and the end of course CTLE survey.

Rubric for Tutorial Presentations

Assessment Criteria	Exceeds Expectations/ Outstanding(26-35)	Meets Expectations/ Acceptable (13-25)	Need Improvement (0-12)
The Choice of Presentation Materials	Most pertinent to the course requirement and very enlightening and interesting to the audience of the students	Pertinent to the course requirement and interesting to the audience of the students	Somewhat pertinent to the course requirement and suitable to the audience of the students
Conceptual understanding of subject matter, particularly in	Cover a good range of relevant concepts/ theories Important ideas pertinent to the topic	Concepts/theories and important ideas pertinent to the topic are accurately used	Concepts/theories and important ideas pertinent to the topic are not accurately used

raising the questions and in the discussions.	are skillfully applied		
Integration of sources and evidence	The presentation displays a high level of relevance between the student's article and the concepts covered in class.	The presentation displays a moderate level of relevance between the student's article and the concepts covered in class.	The presentation does not establish that the article is relevant to concepts covered in class.
Uses good body language, eye contact, appropriate voice tone	Makes good eye contact with audience Shows enthusiasm and confidence Uses voice tone effectively	Makes fairly good eye contact with audience Shows some enthusiasm and confidence Uses voice tone relatively effectively	Make little or no eye contact with audience Shows little or no enthusiasm and confidence Uses voice tone ineffectively or to monotone
Makes effective use of presentation tools (slides/handouts)	Proper use of presentation tools with little or no distractions (e.g. appropriate animation/pictures, appropriate information on one slide, clear titles, etc.)	Generally good use of presentation tools. Some distractions but they are not overwhelming (e.g. reasonable animation/pictures, fair information on one slide, fair titles, etc.)	Poor use of presentation tools and/or many distractions (e.g. too much animation/pictures, too much information on one slide, absence of titles, etc.)

Rubric for Tutorial discussion

Rubrics for Final Exam

	Excellent (85%-100%)	Acceptable (55% - 84%)	Poor (less than 55%)
Accuracy	The response uses the information from appropriate sources	The response communicates most of the relevant information in a	The response contains several factual errors.

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	clearly, fully, directly, and accurately. The response is clearly related to a particular area of course coverage	generally correct and understandable way. The response is mostly related to a particular area of course coverage.	The response is barely related to any area of course coverage.
Analytic depth	The answer and opinions provided are well-supported with obvious and direct reference to pertinent information. The argument examines all sides of an issue thoroughly.	The answer and opinions provided are generally supported though some assumptions are not obvious or stated clearly. Some propositions may not be defended well. The argument mentions all sides of an issue, though not all sides are analyzed in equally appropriate depth.	The answer and opinions provided are barely or not supported by any argument or appeal to information in the article, lecture, or other relevant source. The argument is narrow, superficial, and/or one-sided.
Clarity of exposition	The written response is excellent with no glaring errors of spelling, usage, or grammar.	The quality of writing is good with few, though noticeable, errors in usage, spelling, and grammar.	There are frequent language errors in usage, spelling, and/or grammar.