

Hong Kong University of Science & Technology, Division of Social Science
SOSC 1440 Introduction to Economics Fall 2020

Wednesday/Friday Class L2: 13:30-14:50 and the separate Class L1: 16:30-17:50, both on Zoom
To attend class: Go to Canvas, Zoom Meetings

Instructor: Carsten A. Holz

Office hours (during the teaching period): Wednesday 18:00-19:00 on Zoom

L2: In Canvas, go to Zoom Meetings for link and passcode

L1: In Canvas, go to Announcements for link and passcode

Link: <https://hkust.zoom.us/j/99056870513?pwd=M0hKOE5lckJ3OE5NL24vQzNuMnNVQT09>

Contact: carstenholz@gmail.com (or socholz@ust.hk) Include “SOSC 1440” in the subject line.

Teaching assistant (TA):

Mr. Stephen CHOY Chi Ho, Office hour by appointment

Contact: choyho@ust.hk

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

*Please read this syllabus before contacting the instructor or the teaching assistant.
If you want to contact more than one of us, please email one of us and cc to the other.*

We use Canvas: Zoom Meeting, Announcements, Assignments, Files, Syllabus, Quizzes

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, we soon 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 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 (also: Kate Antonovics and Ori Heffetz). *Principles of Macroeconomics* (7th Edition, 2018). McGrawHill (ISBN: 9781260098792).

- (1) An online copy of the textbook is available in the library:

Title: Principles of Macroeconomics

Course no.: SOSOC 1440; Lecturer: Prof. Holz, Carsten A.; Semester: Fall 2020

Direct link to the textbook: <https://lbdiscoversust.hk/bib/991012858567103412>

- (2) The campus bookshop states that hard copies may not be in stock in time, and that the quantity will be “reduced;” the price for the hard copy is HKD 362.8

The campus bookshop provides an Ebook copy within 4-6 working days for HKD 318.4.

The campus bookstore reports that students can click this link to purchase textbooks:

https://w5.ab.usst.hk/cgi-bin/std.cgi.sh/WService=broker_ba_p/prg/ba_std_main.r

- (3) The textbook is available in hard copy and in Ebook format at Amazon.com (and possibly at Amazon in other countries, or at other outlets) at what may be competitive prices.

https://www.amazon.com/Principles-of-Macroeconomics/dp/B07CGQTHJQ/ref=cm_wl_huc_item

Supplementary material may be added.

We use power point slides. These are available on Canvas. See Folder “Powerpoint Files.”

Requirements and grading

- (1) Assignments: 24%. 3% (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, but before the relevant exam.

Assignment questions will be posted in Canvas, typically referring to textbook end-of-chapter “Problems” (questions); a scan of these is available on Canvas (see “Files”).

Assignment answers must be submitted in Canvas.

Copy your answers into the Canvas window. Don’t worry about formatting. If the assignment question asks for a chart or table, do it for yourself and do not submit. If you prefer, you can upload a file (text document, picture) with your answers; in this case, use a standard file format (.docx, pdf, jpg, png).

If the assignment question asks for a chart or table, do it for yourself and do not submit.

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 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).

Assignments are typically assigned on Friday after class and due on the following Wednesday before class.

- (2) Assignments-Mini: 8%. 1% (pass/fail) for each mini-assignment up to a maximum of 8 assignments, out of approximately 10. These are short ‘thinking’ assignments typically assigned on Wednesday and due on Friday; each assignment should take no longer than 10-30 minutes. There will be no model answers; answers may be discussed in class. Assignments-Mini are also handled on Canvas.

- (3) Two optional midterm exams, in class: 19% each. Dates: 9 and 30 October 2020

The second midterm exam is not cumulative.

- (4) Final exam: 30%. The final exam is cumulative and participation is mandatory.

Date: as determined by the university.

Questions from the midterm exams will not be repeated in the final exam.

The midterm exams and the final exam are closed-book online exams. You must use a webcam/camera; we need to be able to observe you. We will also ask you to use your mobile device to log into Zoom and have the camera facing your desk, you, and your computer screen at the same time. We may take Attendance, but attendance will not be relevant for grading.

Missing a midterm exam

No apology is needed if you miss one or both of the midterm exams (for whatever reason, oversleeping, illness, family emergency, don't feel like taking a midterm exam), and *no penalty is imposed*. There is no make-up midterm exam. If you miss a midterm exam, the weight of that midterm exam is added to the final exam. If you take a particular 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-type) 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.

The midterm exams and the final exam cover material presented/discussed in class, assignments, film(s), and the required readings (including supplementary readings and news items as covered in class). Bring a simple calculator (and your student ID and writing utensils) to all exams. *Programmable* calculators and cell phones are prohibited. Exams will not be returned to the student.

Course recordings

All classes are recorded and the recordings will be made available to students after the class, for possibly no longer than one week. You can find them in Canvas – Zoom Meetings – (and then presumably) Cloud recordings. They will either be posted automatically by Zoom, with a technical time lag of 30-120 minutes, or otherwise by the instructor/TA with perhaps an additional slight time lag. The intention is to make the recordings available to students for 7 days (only).

The recording may not last a full 80 minutes as recording may have been stopped during class (such as during breakout rooms).

Optional readings

Economics started with Adam Smith's *Wealth of Nations*, written in 1776. It's still one of the best presentations of basic economic ideas. But given the language—it was written almost 250 years ago—it's not an easy read.

A more "recent" book is Milton Friedman and Rose Friedman, *Free to Choose: A Personal Statement*, of 1990 (any edition will do). It's written for non-economists and explains with many examples.

Chapters 1, 2 and possibly 3 and 9 may be the most relevant. The other chapters apply economics to the specifics of the U.S. through approximately 1980. Read with a critical mind.

Class Schedule

The class schedule may change. The midterm exam dates are final once the add/drop period has ended.

Week 1: Wednesday 9 September, and Friday 11 September

Textbook Frank/Bernanke FB 1: Thinking Like an Economist
FB 2 Comparative Advantage (to be continued)

Week 2: 16 and 18 September

FB 2 Comparative Advantage (continued)
FB 3 Supply and Demand

Week 3: 23 and 25 September

FB 4 Macroeconomics: The Bird's-Eye View of the Economy
FB 5 Measuring Economic Activity: GDP and Unemployment

Week 4: 30 September [Friday 2 October is a public holiday]

FB 6 Measuring the Price Level and Inflation

Week 6: 7 and 9 October

FB 7 Economic Growth, Productivity, and Living Standards
FB 8 The Labor Market: Workers, Wages, and Unemployment (to be continued)
First midterm exam 9 October in-class

Week 6: 14 and 16 October

FB 8 The Labor Market: Workers, Wages, and Unemployment (continued)
FB 9 Saving and Capital Formation

Week 7: 21 and 23 October

FB 10 Money, Prices, and the Federal Reserve
FB 11 Financial Markets and International Capital Flows (to be continued)

Week 8: 28 and 30 October

FB 11 Financial Markets and International Capital Flows (continued)
Second midterm exam 30 October in-class

Week 9: 4 and 6 November

FB 12 Short-Term Economic Fluctuations: An Introduction
FB 13 Spending and Output in the Short Run

Week 10: 11 and 13 November Film *Inside Job*

Week 11: 18 and 20 November

FB 14 Stabilizing the Economy: The Role of the Fed

Week 12: 25 and 27 November

FB 15 Aggregate Demand, Aggregate Supply, and Inflation
FB 16 International Trade and Trade Policy (to be continued)

Week 13: 2 and 4 December

FB 16 International Trade and Trade Policy (continued)
FB 17 Exchange Rates and the Open Economy

Final exam: date as determined by the university