DRAFT SYLLABUS – final version available in Week 1 of the semester

Late enrollment is strongly discouraged. If you are on the waiting list, attend class from the very beginning. Joining in Week 3 only means you will have missed a crucial part of the course.

Hong Kong University of Science & Technology, Division of Social Science
SOSC 1449 Understanding Our Economy (3 credits) **Fall 2026**
Wed/Fri 13:30-14:50, Room 4619 (Lift 31-32)

Instructor: Carsten A. HOLZ, socholz@ust.hk
Office hour (during the teaching period): Mon 12-13:00, Room 2368
Teaching assistant (TA): TBA (Name, email, office hour and location)

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.
In all email correspondence, include 'SOSC 1449' in the subject line

We use Canvas**,** powerpoint slides, the visualizer, and occasionally the whiteboard.
There are no restrictions on the use of generative Artificial Intelligence (except for the exams).

Catalog description

This course introduces students to the fundamental principles of economics, in particular the determination of macroeconomic variables – output, prices, and employmen – and the policy tools (and choices) used to (try to) achieve particular outcomes, over different time horizons. Special attention is being paid to current economic events in Hong Kong and globally.

Course description

This course introduces the fundamental principles of economics. Since this may be the only economics course you will ever take, we soon focus on macroeconomics as that part of economics which you will likely find most useful in the future, for example when following economics discussions in the news.

The course covers basic concepts of supply and demand, the definition and construction of macroeconomic variables, and the determination of output, prices/inflation, and employment in the long and in the short run. In detail, the course covers:

- core principles of economics through which to view, analyze, and understand human behavior;
- key variables of interest to economic policy makers and citizens: output, employment, inflation;
- the distinction between real and nominal data;
- 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 prices in the short run, policy options to address recessionary or expansionary gaps, and the multiplier effect;
- 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;
- 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:

- Describe and explain the logic of economic reasoning
- Apply basic economic analysis to explain and predict economic outcomes
- Describe and explain macroeconomic issues and events
- Critically evaluate discussions of macroeconomic issues

Textbook

Frank, Robert H., and Ben S. Bernanke (with Kate Antonovics and Ori Heffetz). *Principles of Macroeconomics* **8th** Edition (**2022** [or 2021; not 2024]). McGrawHill (ISBN: 9781264364756).

An online copy of the textbook is available on reserve in the library: At library reserve, choose "Instructor" and enter "Holz", or find via course name

Supplementary material may be added. Textbook power point slides are available on Canvas – Files.

Videos on economics topics: https://www.youtube.com/c/SolmanClassroom .

Requirements and grading

(1) Assignments: 36%.

Each assignment counts 4% and is graded pass/fail or 0-2-4%. A maximum of 32 percentage points can be obtained in 9 assignments (out of approximately 11) given in weeks 1-12 of the semester. A further 4 percentage points can be obtained in the assignment given in "Week 13."

Assignment questions typically refer to textbook end-of-chapter "Problems" (questions); a scan of *all* of these "Problems" is available in one file titled 'Problems…' on Canvas – Files. Assignment answers will be discussed in class. Model answers from the textbook will be made available no later than just before the relevant exam.

Assignment answers must be submitted pn Canvas. Please 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. Alternatively, less desirable, you can upload a file with (or scan of) your answers; use a standard file format (docx, pdf, jpg, png). Hand-writing is OK.

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).

Late submissions are *not accepted* under any circumstances (including illness, family emergencies, technical difficulties with Canvas, or joining the course late). Any problems with Canvas are your responsibility to resolve with Canvas technical support.

(2) Mini-Assignments: 8%. 1% (pass/fail) for each mini-assignment up to a maximum of 8 mini-assignments, out of approximately 10. These are short 'thinking' assignments typically assigned in the first class of the week and due in the second; each mini-assignment should take no longer than 10-20 minutes. Answers will typically be discussed in class. Mini-Assignments are also handled in Canvas. The same rules apply as for 'regular' assignments (you may collaborate but not copy, etc.).

(3a) Midterm exam: Friday 16 October, in class, 28%.

(3b) Final exam, closed-book, cumulative, in the final exam week as scheduled by the university, 28%.

Exam questions are mostly multiple choice questions.

Exam coverage: all material presented/discussed/covered in class, assignments, and the required readings (including supplementary readings and news items as covered in class). Bring a calculator (not programmable, not on cell phone), your student ID and writing utensils to all exams.

Miscellanea

Regular class attendance is expected. If attendance is consistently low, attendance may become a requirement (graded, with above requirements re-weighted) and this will then be announced.

No recordings of classes will be made available. No recording of classes is allowed.

Missing an exam implies a score of zero. Exceptions, in which cases *you have to take the initiative* to be given a (likely essay-type) make-up exam: (i) the university excuses you from taking the exam; (ii) *documented* medical emergencies, or family emergencies approved by the instructor.

In case of a medical emergency, a doctor's certificate that specifies 'sick leave' for the day of the exam is required. (A statement that you saw the doctor is not good enough.)

In case of an emergency situation with 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, to the greatest extent possible, document the specific family emergency and your involvement in it.

Class Schedule

The class schedule may be adjusted as the course progresses

Week 1 Economic Principles
Textbook Frank/Bernanke (FB) 1: Thinking like an Economist
FB 2 Comparative Advantage

Week 2 Economic Principles (continued)
FB 3 Supply and Demand
FB 4 Macroeconomics: The Bird's-Eye View of the Economy

Week 3 Gross Domestic Product (Output)
FB 5 Measuring Economic Activity: GDP [and Unemployment]

Week 4 Prices/Inflation, Employment
FB 6 Measuring the Price Level and Inflation
FB 5 [Measuring Economic Activity: GDP and] Unemployment
and FB 8 The Labor Market: Workers, Wages, and Unemployment

Week 5 -- 1 October week
Film *Inside Job*

Week 6 Exchange rates
Leftovers from Week 4, Discussion of film Week 5
FB 17 Exchange Rates and the Open Economy

Week 7 Breathing space and midterm exam
<u>Midterm exam Friday 16 October 2026</u>

Week 8 Interest rates and financial intermediation
FB 9 Saving and Capital Formation
FB 10 Money, Prices, and the Federal Reserve

Week 9 More financial intermediation (and breathing space)
FB 11 Financial Markets and International Capital Flows

Week 10 Growth (brief) and business cycles (introduction and more),
FB 7 Economic Growth, Productivity, and Living Standards
FB 12 Short-Term Economic Fluctuations: An Introduction
FB 13 Spending and Output in the Short Run

Week 11 Business cycles and economic policy
FB 13 Spending and Output in the Short Run (continued)
FB 14 Stabilizing the Economy: The Role of the Fed

Week 12 A Business cycles and economic policy (continued, and breathing space)
FB 15 Aggregate Demand, Aggregate Supply, and Inflation

Week 13 TBD
Possibly film *Capital in the 21st Century* (and discussion / inequality)

<u>Final exam in the final exam period</u> as scheduled by the university administration

HKUST's "Quality Assurance Committee" mandates inclusion in the syllabus of the following

Mapping of Course ILOs to Assessment Tasks

Assessed Task	**Mapped ILOs**	**Explanation**
Assignments / mini-assignments	ILO1, ILO2, ILO3, ILO4	This task assesses students' ability to understand the logic of economic reasoning, to apply basic economic analysis to explain and predict economic outcomes, to have a deeper understanding of economic issues and events, and to be able to critically evaluate discussions of economic issues
Exams	ILO1, ILO2, ILO3, ILO4	*same as above*

This course will be assessed using criterion-referencing and grades will not be assigned using a curve. Detailed rubrics for each assignment are provided below, outlining the criteria used for evaluation.
Final Grade Descriptors: [aligned with university standards]

Grades	**Description**	**Elaboration on subject grading description**
A	Excellent Performance	Demonstrates a comprehensive grasp of subject matter, expertise in problem-solving, and significant creativity in thinking. Exhibits a high capacity for scholarship and collaboration, going beyond core requirements to achieve learning goals.
B	Good Performance	Shows good knowledge and understanding of the main subject matter, competence in problem-solving, and the ability to analyze and evaluate issues.
C	Satisfactory Performance	Possesses adequate knowledge of core subject matter, competence in dealing with economic problems, and some capacity for analysis and critical thinking.
D	Marginal Pass	Has threshold knowledge of core subject matter, potential to achieve key professional skills, and the ability to make basic judgments. Benefits from the course and has the potential to develop in the discipline.
F	Fail	Demonstrates insufficient understanding of the subject matter and lacks the necessary problem-solving skills. Shows limited ability to think critically or analytically. Does not meet the threshold requirements for professional practice or development in the discipline.

Instructor's comment: (1) HKUST management prohibits "grading to a curve" and requires instructors to certify that they use "criterion-referencing" in grading (https://registry.hkust.edu.hk/resource-library/obe-ilos-and-criterion-referenced-assessment-cra). (2) HKUST management encourages instructors to achieve a particular grade distribution ("grading to the curve"). See "Grade Distribution for Post-Course Review" at https://registry.hkust.edu.hk/resource-library/grading-courses . HKUST management thus prohibits instructors from grading to the curve and encourages instructors to grade to the curve. We follow their orders.

Communication and Feedback

Assessment marks for individual assessed tasks will typically be communicated via Canvas within one week of submission. Feedback on assignments will be given in class. Students who have further questions about their exam results will have one week after the exam results have been released to consult in the first instance with the TA and in the second instance with the instructor.

Academic Integrity

Students are expected to adhere to the university's academic integrity policy. Students are expected to uphold HKUST's Academic Honor Code and to maintain the highest standards of academic integrity. The University has zero tolerance of academic misconduct. Please refer to Academic Integrity | HKUST – Academic Registry for the University's definition of plagiarism and ways to avoid cheating and plagiarism.