

# Macroeconomics Module 3, 2020–21

## Course Information

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**Teaching Assistant: NA**

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**Classes:**

Lectures: Tuesday & Friday, 3:30pm–5:20pm

Venue: TBA

**Course website:**

Materials will be distributed via WeChat (and/or Dingtalk)

## 1. Course Description

### 1.1 Context

**Course overview:**

This is a required foundational course in macroeconomics for international students in the quantitative finance program and an elective course for journalism and communication students. It serves as an introduction to standard concepts and macroeconomic models used to study the economy. This includes how to measure macroeconomic activity, the cost of living, and employment, and also examining issues such as inflation, unemployment, and growth, at different time horizons.

**Prerequisites:**

Microeconomics and Business Mathematics.

### 1.2 Textbooks and reading materials

**Textbook:**

There is no required textbook for this course, however, some standard references for an introduction to macroeconomics at an “intermediate” level are:

- Blanchard, O., “Macroeconomics”, Pearson Education.
- Mankiw, G., “Macroeconomics”, Worth Publishers.
- Abel, A., Bernanke, B. & Croushore, D., “Macroeconomics”, Pearson Education.

More advanced references, typically used for post-graduate studies in macroeconomics, include:

- Romer, D., “Advanced Macroeconomics”, McGraw-Hill Education.
- Ljungqvist, L. & Sargent, T., “Recursive Macroeconomic Theory”, MIT Press.

These textbooks will be discussed in the introductory class.

## 2. Learning Outcomes

### 2.1 Intended learning outcomes

Learning Goals	Objectives	Assessment
5. Our graduates will be skilled in problem-solving and critical thinking.	5.1. Our students will have a good understanding of fundamental theories in their fields.	Problem sets Tests/Exams
	5.3. Our students will demonstrate competency in critical thinking.	Problem sets Tests/Exams

### 2.2 Course-specific objectives

This course aims to provide students with an introduction to the theory of macroeconomics. Students will be introduced to several theoretical models that study the relationship between key macroeconomic variables over different time horizons.

### 2.3 Assessment/grading details

The grade for each student will be determined using the following types of assessment (with associated weights):

- i) Problem sets (30%)
- ii) In-class tests (30%)
- iii) Final exam (40%)

#### *i) Problem sets*

There will be three problem sets, equally weighted (10% each), and they may be completed in groups. You are able to choose your teammates, subject to some maximum group size announced in class. The problem sets will be comprised of short-answer questions similar to those in the final exam.

#### *ii) In-class tests*

There will be three multiple-choice tests, equally weighted (10% each). The duration of each test is approximately 45-60 minutes, and the exact time and date of each test will be announced in class in the preceding week.

#### *iii) Final exam*

There will be a 3-hour long final exam. The exam is cumulative, comprised exclusively of short-answer questions (i.e., no multiple-choice questions), and all answers must be justified using the economic models taught in class.

### 2.4 Academic honesty and plagiarism

It is important for a student's effort and credit to be recognized through class assessment. Credits earned for a student work due to efforts done by others are clearly unfair. Deliberate dishonesty is considered academic misconducts, which include plagiarism; cheating on assignments or examinations; engaging in unauthorized collaboration on academic work; taking, acquiring, or using test materials without faculty permission; submitting false or incomplete records of academic achievement; acting alone or in cooperation with another to falsify records or to obtain dishonestly grades, honors, awards, or professional endorsement; or altering, forging, or misusing a University academic record; or fabricating or falsifying of data, research procedures, or data analysis.

All assessments are subject to academic misconduct check. Misconduct check may include reproducing the assessment, providing a copy to another member of faculty, and/or communicate a copy of this assignment to the PHBS Discipline Committee. A suspected

plagiarized document/assignment submitted to a plagiarism checking service may be kept in its database for future reference purpose.

Where violation is suspected, penalties will be implemented. The penalties for academic misconduct may include: deduction of honour points, a mark of zero on the assessment, a fail grade for the whole course, and reference of the matter to the Peking University Registrar.

For more information of plagiarism, please refer to *PHBS Student Handbook*.

### 3. Topics, Teaching and Assessment Schedule

The first part of the course will introduce some fundamental macroeconomic concepts (such as aggregate output, the unemployment rate, the inflation rate), and discuss their measurement. This will be followed by several basic economic models aimed at studying the relationship between key macroeconomic variables over different time horizons.

We begin by focusing on the economy in the “short run”, covering aggregate demand for goods, financial markets, and the IS–LM model (e.g., Blanchard, chapters 3–6). Next, we move to the “medium run”, which expands upon the short run to include the labor market. This allows us to introduce concepts such as the Phillips curve, the natural rate of unemployment, and inflation, using the AD–AS model (e.g., Blanchard, chapters 7–9). Finally, “long-run” economic performance is studied through the Solow-Swan model (e.g., Blanchard, chapters 10–13). Finally, if time permits, we may consider extensions regarding an open economy, i.e., trade of goods and assets across countries.

The planned timeline for topics and assessment is:

Week	Date	Topics	Assessment
1	Mar.9,	<b>Introduction</b> - Macro variables, economic modeling	-
	Mar.12	<b>The economy in the short run</b> - Goods market	-
2	Mar.16	- Goods market (cont.), financial markets	-
	Mar.19	- Financial markets (cont.)	-
3	Mar.23	- IS–LM model	-
	Mar.26	- IS–LM model (cont.), the financial crisis	-
4	Mar.30	<i>PS #1 review session</i>	PS #1 & Test #1 (short run)
	Apr.2	<b>The economy in the medium run</b> - Labor market	-
5	Apr.6	- AD–AS model	-
	Apr.9	- AD–AS model (cont.)	-
6	Apr.13	- AD–AS model (cont.)	-
	Apr.16	<i>PS #2 review session</i>	PS #2 & Test #2 (medium run)
7	Apr.20	<b>The economy in the long run</b> - Economic growth	-
	Apr.23	- The Solow-Swan model	-
8	Apr.27	- The Solow-Swan model (cont.)	-
	Apr.28*	- The Solow-Swan model (cont.)	-
9	May.4	<i>PS #3 review session</i>	PS #3 & Test #3 (long run)
	May.7	-	Final Exam

*Deviations from the above schedule will be announced in class; \*note the date change for Labor day*

### 4. Miscellaneous

#### **Class materials:**

All relevant materials (e.g., lecture slides, assessment tasks) will be distributed in class.