

INTERMEDIATE MACROECONOMICS

N. GREGORY MANKIW'S MACROECONOMICS (8TH EDITION)

LECTURE I

Shihui Ma

Winter 2015

ORDER OF BUSINESS

- ▶ Introduction to the course
 - ▶ Instructor and students
 - ▶ Textbook and chapters
 - ▶ Presentation, hw, and exam

- ▶ Chapter 1

- ▶ Chapter 2

- ▶ Chapter 3

WELCOME!

- ▶ My name is 马诗卉(Shihui Ma)
- ▶ Research Interest: Macro and Labor Economics
- ▶ Education Background: BA from WHU, MA from UBC and PhD from Minnesota
- ▶ Email: shihuima@hust.edu.cn
- ▶ Now it is YOUR turn, tell me about YOU, your interest and your goal

LECTURES: DO AND DON'TS

- ▶ Do:
 - ▶ Ask questions if you are confused
 - ▶ Point out any mistakes I may have made
- ▶ Dont's:
 - ▶ Chat with your neighbors
 - ▶ Talk on the phone or play loud music
- ▶ Okay:
 - ▶ Use your computer/ipad/smart phone to take notes or follow along with the slides
 - ▶ Leave quietly at any point

TEXTBOOK

- ▶ Required Textbook: N. Gregory Mankiw's Macroeconomics (8th Edition)
 - ▶ Yes, in English! same with all the presentation, hw, and exam
 - ▶ Availability
 - ▶ I will provide the free pdf version
 - ▶ Feel free to buy the paper-printed version on taobao, etc
 - ▶ If you happen to have the 7th edition, it is ok, but pay close attention to the difference with the 8th edition

TENTATIVE PLAN: CHAPTERS WE WILL COVER

- ▶ Lec I: Introduction & Classical Theory (long-run)
 - ▶ Chpt 1 & 2 : The Science & Data of Macroeconomics
 - ▶ Chpt 3 & 4: National Income and the Monetary System
- ▶ Lec II: Classical Theory: Long Run Economy (cont.)
 - ▶ Chpt 5-Chpt 7: Inflation and Unemployment
- ▶ Lec III: Growth Theory: VERY Long Run Economy
 - ▶ Chpt 8 & Chpt 9
- ▶ Lec IV-V: Business Cycle Theory: Short Run Economy
 - ▶ Chpt 10: Introduction to Economic Fluctuations
 - ▶ Chpt 11 & 12 IS-LM Model

PRESENTATION

- ▶ Topics: Facts and Forecasts
 - ▶ It can be anything from economic news, reports and your understanding
- ▶ Length: 5-10 minutes
 - ▶ Write your own sides (8-10 pages)
 - ▶ Present in ENGLISH!
- ▶ Collaboration: You can form a group of two
 - ▶ or you can do it on your own
 - ▶ pick up a time slot (the first 10 minutes in every class section is available)

PRESENTATION: INFORMATION SOURCES I

▶ US Data Sources:

1. <http://www.rfe.org/> , RFE: Resources for Economists on the Internet
2. <https://research.stlouisfed.org/fred2/>, the FRED data by Federal Reserve Bank of St. Louis
3. <http://www.bea.gov/>, BEA: Bureau of Economic Analysis
4. <http://www.census.gov/compendia/statab/>, United Census Bureau
5. <http://www.federalreserve.gov/>, Federal Reserve Board of Governors

PRESENTATION: INFORMATION SOURCES II

▶ International Data Sources:

1. <https://data.oecd.org/> , the OECD data
2. <http://unstats.un.org/unsd/>, UN Dpt of Economics and Social Affairs
3. <http://www.imf.org/external/index.htm>, the IMF website
4. <http://www.stats.gov.cn/>, the National Bureau of Statistics in China

HW AND EXAM

- ▶ I will hand out the hw assignments from time to time, most of them are multiple choices
- ▶ Exam in the last week: Jan 24 (NO class that day)
- ▶ Solutions will either be covered in class or be posted later

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- ▶ The approach to build up macroeconomic analysis from microeconomic principles.

WHAT WE HAVE COVERED SO FAR

- ▶ We discussed the issues macroeconomists study, the importance of model assumption
- ▶ We defined exogenous vs. endogenous variables, and we differentiate the flexible vs. sticky price models assumption
- ▶ We then move to chapter 2 and introduced 3 important concepts
 - ▶ GDP and its measurement (nominal vs. real GDP, GDP deflator)
 - ▶ Inflation rate and CPI
 - ▶ Unemployment and labor market concepts (Unemployment rate, LF,LFP rate, Working-age Population)

WHAT WE HAVE COVERED SO FAR (CONT.)

We start our exploration in the neoclassical model with a simple closed-economy, market-clearing model in Chpt 3

- ▶ Supply Side

- ▶ Factor price markets (L, K)
- ▶ Rigid supply and Cobb-Douglas production technology

- ▶ Demand Side

- ▶ Determination of C, I, and G
- ▶ Exog. G, T, and positive MPC

- ▶ Two-market Equilibrium

- ▶ Goods Market and Loanable Funds (Asset) market
- ▶ Equilibrium price r (real interest rate) and the Walras' Law

PRACTICE QUESTIONS COVERED IN CLASS

Chpt 2: 2-4,7

Chpt 3: 12