

HE2002 Macroeconomics II

Introduction

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What is first half of this course about?

- ▶ HE2002 is an intermediate course to macroeconomic theory. I will cover **business cycles** in a **closed economy**.
- ▶ Investigate how the **goods** and **money** markets move in the **short run (IS-LM)**.
- ▶ Building on the IS-LM model, we introduce the **labor market** and prices into the analysis and develop the **IS-LM-PC** framework for the short and **medium run**.
- ▶ Using the theoretical framework, we study what can be done by a **fiscal authority** and a **central bank** to **stabilize** macroeconomic **fluctuations**.

Macroeconomics Sequence

- ▶ HE1002 is an introductory course to macroeconomic theory.
- ▶ You have learned the concepts of the key macroeconomic variables and how to measure them: GDP, productivity, unemployment, price level, inflation ...
- ▶ You have learned the effects of fiscal and monetary policies
- ▶ Some macroeconomic models introduced: Keynesian model, AS-AD model, models for trade and exchange rate

Macroeconomics Sequence

- ▶ HE2002 and HE 3002 are intermediate courses to macroeconomic theory.
- ▶ Since we are using a different textbook, some definitions, notations, and model frameworks are different from the ones learned in HE1002. But the key economic ideas are similar.
- ▶ I will cover the **business cycles** in a **closed economy** context.
- ▶ Prof Tang Yang will be responsible for the economic growth in the second half of the semester and the open economy analysis in HE3002.
- ▶ Building on the materials covered in this course, students will learn more advanced topics in Macroeconomic Theory III (HE3002).

Why Different Economic Models?

- ▶ “All models are wrong, some are useful.” - George E.P. Box
- ▶ While no model or theory can perfectly represent reality, some models can still provide valuable insights and predictions that are useful for understanding and navigating complex systems.
- ▶ Simplifications and assumptions are inherent in the modeling process.

Required Textbook

- ▶ Olivier Blanchard, Macroeconomics, Global Edition, 8th Edition

[View Online through NTU Library](#)

- ▶ Chapters from the textbook will be assigned as readings. You are expected to read them.
- ▶ Because this textbook's 8th edition is substantially different from the previous editions, you are strongly advised to have the recent edition.

Assessment

- ▶ Quiz 1 (Week 7) (20%) - Thursday, 29 Feb, 6:30 pm - 7:30 pm, Multiple Choice Questions (MCQs)

Covers materials in Lecture 1 to 6 (first half of the semester)

- ▶ Quiz 2 (20%) - To be confirmed
- ▶ Final Test ((50%) - To be confirmed, Accumulated, Multiple Choice Questions, Short Answer Questions, and Numerical Questions
- ▶ Course Participation (10%) - Active attendance, presentation in tutorials.

Weekly Tutorials

- ▶ In tutorials, we will review course material, sharpen analytical techniques, and cover exercise questions.
- ▶ The first tutorials will be held starting from Week 2.

Make-up Quiz/Test

Student who is absence on any of the quiz/test day due to **valid reason**, such as medical leave, compassionate leave etc., he/she **must send an email**, together with the short leave of absence **application form** and supporting document to the instructor to **request for the make-up quiz/test within 2 days after the quiz/test date**. The make-up quiz/test will be **scheduled within 7 calendar days** after the quiz/test date.

There will be only **1 make-up quiz/test** for each quiz/test and if student failed to attend the make-up quiz/test will be given **zero marks** for the specific quiz/test.

Student **must obtain their instructor's email approval within 2 days after the quiz/test** and send it together with their short leave application form and supporting document to SSS UG via email at sss-ug@ntu.edu.sg within 7 calendar days from the medical leave date.

Special Arrangements: Undergraduate Seminars

- ▶ 6 Feb: Undergraduate Seminar I by Prof Cynthia Jing Wu (University of Notre Dame)
- ▶ 6 Feb: Undergraduate Seminar II by Prof Drew Creal (University of Notre Dame)
- ▶ 20 Feb: Undergraduate Seminar III by Prof Cui Wei (University College London)
- ▶ Contents taught in the UG seminars will **not be tested!!!**

Continuous Student Feedback on Teaching

- ▶ Some comments I received last year: Not enough practice questions for exams. Too many contents in slides and lectures. Perceived difficulty compared with HE1002.
- ▶ Changes: Fewer contents this year. Difficulty adjusted. More information to be provided. More practice questions in the lectures and before the tests.
- ▶ Student feedback is essential for course improvement.
- ▶ Continuous Feedback Teaching

<https://forms.gle/DyMHBsJ8oZfHSWP26>.

When You Have Questions or Suggestions

- ▶ You are encouraged to give me and/or the TA feedbacks on the lectures and/or the tutorials orally or through emails.
- ▶ I am approachable.

You can find me at guangzhi.ye@ntu.edu.sg or by scheduling an in-person meeting through <https://calendly.com/guangzhiye24>.

Three Tools in Macroeconomics

- ▶ Macroeconomists always use three tools:
 - ▶ Algebra to make sure that the logic is correct
 - ▶ Graphs to build the intuition
 - ▶ Words to explain the results
- ▶ You are required to learn all of them in HE2002 and HE3002.

Use of Mathematics

- ▶ Economic models can be expressed in various ways, in words, in diagrams and in equations.
- ▶ At this stage, the mathematics involved will be limited to simple algebra and elementary calculus.
- ▶ The level of mathematics required is manageable.