

PhD Macro Core Part I: Lecture 0 – Introduction

Min Fang
University of Florida

Fall 2024

Why Macro?

- Microeconomics: (fundamental elements within economies)
 - Individual agents and markets, their interactions, and the outcomes of interactions
 - Approach: theoretical, applied micro, structural micro, narrative analysis, ...
 - Topics: Theory, Public, Labor, IO, Finance, Management, ...
- Macroeconomics: (economies as systems with above elements)
 - Individual agents and markets, their interactions, and the outcomes of interactions
 - Approach: theoretical, applied micro, structural micro, narrative analysis, ...
 - Topics: **Macro**-Theory, **Macro**-Public, **Macro**-Labor, **Macro**-IO, **Macro**-Finance, ...
- Sounds weird? Indeed it is! Macro is more of an agenda than just topics.

The Macro Agenda

- Two perspectives we care most about (from micro to macro):
 - *Aggregation*: No matter macro-what, it must be **aggregately important [Big]**
 - *Dynamics*: No matter macro-what, it must be **changing from time to time [Dynamic]**
 - With both above, your research could be counted as macro, broadly defined
- Given the above perspectives, some *Topics* become naturally macro-focused:
 - Big dynamic policies: monetary policy, fiscal policy, industrial policy, ...
 - Big dynamic changes: growth, financial crisis, trade war, fertility decline, structural change, ...

What We Would Learn Then?

- Start with *Dynamics*:
 - 1. A Simple Dynamic Exchange Economy
 - 2. The Neoclassical Growth Model in Discrete Time
 - 3. Dynamic Programming (Deterministic, Stochastic, Numerical)
 - 4. Two Dynamic Programming Applications (Asset Pricing, Consumption-saving)
- End with *Topics*:
 - 6. Job Search and Matching
 - 7. The Overlapping Generations Model
 - 8. The Real Business Cycles Model
 - 9. Sticky Prices and Menu Costs
 - 10. Fiscal and Monetary Policy