

# Principles of Macroeconomics

- <http://web.mit.edu/14.02/www>
- Two formats:
  - Lecture/Rec: Ricardo Caballero, M-W 10; Re F
  - All-section: M-W-F (synchronized)
- Head TA: Francesco Franco
- Three short tests (no exam)
- 6 Problem sets (marginal)

# Macroeconomics?

- Micro-economics:
  - individual markets
  - effects are limited to that market
- Macro-economics:
  - aggregate: sum of markets plus cross effects
    - GDP, U, Inflation
  - Too complex => Take shortcuts => Art
- Ambitious! Too much? Not at this level

# Style

- Basic structure (book) + current events
- Level: Read and find mistakes in “technical” news

# “In the News” 09/02

- Manufacturing in US grows at its fastest pace in 8 months.
- US, European, Japanese bonds fall as global economic recovery quickens.
- Dollar has biggest gain against Euro in more than a week, on growth signs.
  
- Japan’s stocks benchmarks rise for third day in a row.
  
- Australian economy grows at slowest pace in 2 ½ years on drought / Sars.
- Australian Central Bank will keep rates unchanged on global recovery and surge in home-borrowing.
  
- Canadian dollar has biggest decline in 2 ½ weeks ahead of rate decision.
- France may push Euro region’s budget deficit past limit in 2003.
  
- Spanish economy grows at fastest pace in 9 months on consumer spending.
- Germany, France and Italy, criticized by Sweden.
  
- Brazil’s car sales fall by 22% from a year ago.

# A Tour Around the World

- US
- Europe
- Japan
- Emerging economies

# Figures-Chapter 1