

Karl David Boulware
kdboulware@gmail.com
University of Alabama
Culverhouse College of Business
Economics, Finance & Legal Studies
Box 870224
361 Stadium Drive
Tuscaloosa, AL 35487
1/31/11

1. OUTLINE

- 1.1. Review/finish ch1 (5:00)
- 1.2. Finish ch1/begin ch 2 (5:15)
- 1.3. Ch2 (5:30)
- 1.4. Ch2 (5:45)
- 1.5. Ch2/begin problems (6:00)
- 1.6. Problems (6:00)

2. REVIEW

- 2.1. 6 questions macroeconomists try to answer
 - 2.1.1. Long run economic growth – what determines it?
 - 2.1.2. Business cycles – what causes economic activity to fluctuate?
 - 2.1.3. Unemployment – what causes it?
 - 2.1.4. Inflation – what causes prices to rise?
 - 2.1.5. The international economy – how does this effect nations economies?
 - 2.1.6. Fiscal/monetary policy – can Gov. Policies improve a nation's economic performance?
- 2.2. What macroeconomists do
 - 2.2.1. Forecasting
 - 2.2.2. Analysis
 - 2.2.3. Research – theory is a set of ideas about the economy that has been organized in a logical framework
 - 2.2.3.1. Economic model is a simplified description of some aspect of the economy in a math form (see handout)

3. END OF CH1

- 3.1. Data development – used to assess the current state of the economy and used in the 3 jobs above
 - 3.1.1. Most is collected and published by the fed Gov.
 - 3.1.1.1. Bureau of the census
 - 3.1.1.2. “ “ labor statistics
 - 3.1.1.3. “ ” economic analysis
 - 3.1.1.4. Federal Reserve

3.2. Why macroeconomists disagree

3.2.1. Positive vs. nominal analysis

- 3.2.1.1. Positive – examines the economic consequences of a policy (objective)
- 3.2.1.2. Normative – tries to determine whether a certain policy should be used (unobjective)
 - 3.2.1.2.1. Economists can agree on positive but not normative (example – nuclear weapons)
 - 3.2.1.2.2. Analytical q1 (pg. 9, workbook)
 - 3.2.1.2.2.1. The fed should lower interest rates to increase economic growth, because we're in a recession – (n)
 - 3.2.1.2.2.2. Higher Gov. budget deficits cause higher interest rates – (p)
 - 3.2.1.2.2.3. The trade deficit should decline because of the fall in the value of the dollar – (p)
 - 3.2.1.2.2.4. Because of our high inflation rate, we must reduce the rate of money growth – (n)
 - 3.2.1.2.2.5. A generous unemployment insurance system is a primary cause of high unemployment in Europe – (p)
 - 3.2.1.2.2.6. Increased average labor productivity in a country should lead to faster growth – (p)
 - 3.2.1.2.2.7. Gov budget deficits are too high in the us and should be reduced – (n)

3.2.2. Classical vs. Keynesian

3.2.2.1.

4. CH2 – NATIONAL INCOME ACCOUNTING

5.

5.1. Missing class for the fed

5.2. First time teaching so I will not penalize you for my mistakes

5.3. How many people have the book? How many have the study guide? Who wasn't here last week?

5.4. Ice breaker

5.4.1. Introduce myself – Karl/Brooklyn/3rd yr. / econ PhD/my goal is to teach you something you can use for the rest of your life.

5.4.2. Introduce themselves – name/ where from/ yr/ major / why did you take this class? What do you hope to get out of it?