

**Boston College**  
**Department of Economics**

Macroeconomic Theory  
EC202

Spring, 2001

**OFFICE HOURS:**

Office: Carney 243  
Times: Tuesday and Thursday 10:30 to 11:30 and by appointment  
Telephone Extension: 2-4514  
E-mail: [alaramie@merrimack.edu](mailto:alaramie@merrimack.edu)

**REQUIRED READINGS:** Richard T. Froyen, *Macroeconomics, Theories and Policies*, sixth edition.

**COURSE OBJECTIVE:** The purpose of this course is to provide a broad background in macroeconomic theory and policy. We will examine the origins of macroeconomics and the various macroeconomics theories and controversies which have emerged since the Great Depression. The course will emphasize the differing policy implications that are derived from various bodies of economic theory. In addition, specific extensions to the theories dealing with consumption and investment, and growth theory will be studied.

**COURSE OUTLINE:**

- I. Introduction.
  - A. What is macroeconomics?
  - B. Macroeconomic measurements
  - C. Macroeconomic Policy under the Clinton Administration
  - D. Macroeconomic Performance under the Clinton Administration
- II. Macroeconomic models
  - A. Classical macroeconomics
    - a. Output and employment
    - b. Money, prices and interest
  - B. Keynesian macroeconomics
    - a. The role of aggregate demand
    - b. The role of money
    - c. Policy Effects
    - d. Aggregate Demand/Aggregate Supply framework
    - e. Demand management in the general equilibrium model
  - C. Monetarism
  - D. A Monetarist/Keynesian debate
  - E. "New Classical" economics
  - F. Real Business Cycle Theory and New Keynesian Economics

### III. Specific Topics

A. Consumption and Investment

B. Economic Growth

IV. Conclusion: The theoretical issues: Beyond economic orthodoxies.

### GRADING:

Grading is based upon two semester exams and a final exam. Each semester exam's grade weight is 30%. The final exam's grade weight is 40%. The final exam will be cumulative.

Questions and Problems: In addition to the readings, questions and problems have been assigned. Questions and problems are to be completed as assigned. Doing the questions and problems will help you test your comprehension of the readings and help you prepare for the exams.

### TENTATIVE ASSIGNMENT SCHEDULE:

#### Class Day:

- 1/16 Introduction
- 1/18 Chapter 1 Introduction, questions 1 - 5  
Chapter 2 Measurement of Macroeconomic Variables
- 1/23 Chapter 2 continued, questions 1 - 6  
ERP: Chapter 2
- 1/25 Chapter 3 Classical Macroeconomics I
- 1/30 Chapter 3 continued
- 2/1 Chapter 4 Classical Macroeconomics II, questions 1, 5, 7 - 9.
- 2/6 Chapter 4 continued , questions 4 - 7.
- 2/8 Chapter 5 The Keynesian System I
- 2/13 Chapter 5 continued, questions 4, 8 - 12.
- 2/15 Review
- 2/20 Exam
- 2/22 Chapter 6 The Keynesian System II
- 2/27 Chapter 6 continued, questions 4 - 8, 10
- 3/1 Chapter 7 The Keynesian System III, questions 1, 2, questions 4  
- 6
- 3/5 - 3/9 Spring Break
- 3/13 Chapter 7 continued, questions 1, 2, questions 4 - 6
- 3/15 Chapter 8 The Keynesian System IV  
Chapter 8 continued, questions 2 - 4, 7 - 11
- 3/20 Chapter 9 The Monetarist Counter Revolution, questions 3, 4, 6  
and 7

- 3/22 Review
- 3/27 Exam
- 3/29 Chapter 10 Output Inflation and Unemployment, questions 4, 6 and 9
- 4/3 Chapter 11 New Classical Economics, questions 1 - 4, 8
- 4/5 Chapter 12 Real Business Cycles and New Keynesian Economics, questions 1, 4, 6 -8
- 4/10 Chapter 13 Macroeconomic Models: A Summary
- 4/12 No classes--Easter Break
- 4/17 Chapter 14 Consumption and Investment (Consumption)
- 4/19 Chapter 14 Consumption and Investment (Investment)
- 4/24 Chapter 17 Long- and Intermediate-Term Economic Growth
- 4/27 Chapter 17 Continued
- 5/1 Review

FINAL EXAM AS SCHEDULED