Intermediate Macroeconomics
EC202
Spring 2011

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Office Hours: Tues, Thurs.: 10:30-11:30
Thurs.: 1:30-2:30
Also by appointment

TA: Namsil Choi Office Hours:
TBA M, W, F

Macroeconomic Theory

This course in macroeconomic theory is a sequel to your Principles course. In the first few classes we will review many of the topics you learned in Principles such as the behavior and measurement of key macro variables. We will also overview the basic models of the macro economy that we will investigate in more detail later in the course. These models include Classical, Keynesian, Growth, and Real Business Cycle Theory. In each class, we will discuss current events and apply our theories to help understand world events more clearly.

Required Text:


Required Supplementary Readings:


In addition to the readings from the text, you must follow current events on the decision making process of federal, state and local government, local businesses (small and large), local community groups, and the interaction and motivation of these decisions. E.g.-- decisions on business location, transportation and education funding, externality concerns, and rent control. It is also interesting and important to follow international policy issues, on output, employment, inflation, fiscal and monetary policy, the budget deficit, the trade deficit, and other issues of macroeconomic policy. These macroeconomic policies often influence microeconomic decisions.

Other Course Requirements:

Grading will be based upon:

Midterm (40%) Thursday, March 3rd.
Several Quizzes, Problem Sets and Class Participation (15%).
Final Exam (45%). Saturday May 14, 9:00 AM.
If school happens to be canceled (e.g. snow day) on the day of a scheduled exam, the exam will be given the next class meeting. There are no make up exams. If there is an excused absence from a test, i.e. documentation from a dean, the following exam(s) will be weighted more heavily.

**Suggestions:**

Come to class regularly since most of my exam questions will be based on topics we discuss in class. Many of these topics are covered in the text, yet some are not. Please ask questions early and often. If you are confused about an issue, the odds are that many other people are confused also. Questions spur interesting discussions. I encourage everyone to participate in class discussions. Come to office hours if you have additional questions.

**Academic Integrity:**

I expect all students to do only their own work on exams and quizzes, and to make a serious individual effort on the problem sets. Any breach of academic integrity (e.g. cheating on a quiz) will result in a failure for the entire class. We will discuss collaboration on the problem sets in class.

"Academic integrity is central to the mission of higher education. Please observe the highest standards of academic integrity in this course. Please review the standards and procedures that are published in the university catalog and on the web, at [http://www.bc.edu/offices/stserv/academic/resources/policy.html#integrity](http://www.bc.edu/offices/stserv/academic/resources/policy.html#integrity)

Make sure that the work you submit is in accordance with university policies. If you have any questions, please consult with me. Violations will be reported to the Deans' Office and reviewed by the College's Committee on Academic Integrity. This could result in failure in the course or even more severe sanctions."
Course Outline:

Part I  Introduction and Measurement

1. **Introduction**  
   (Chapter 1)  
   The big picture, What is Macro? Some numbers. Central questions.

2. **Measurement of Macro Variables**  
   (Chapter 2)  
   National Income Accounts, Measuring price changes, Real vs. Nominal GDP.

Part II  Macroeconomic Models

3. **Classical Macro (I): Equilibrium, Output, and Employment**  
   (Chapter 3)

4. **Classical Macro (II): Money, Prices, and Interest**  
   (Chapter 4)

   (Chapter 5)

6. **The Keynesian System (I): The Role of Aggregate Demand**  
   (Chapter 6)

7. **The Keynesian System (II): Money Interest and Income**  
   (Chapter 7)

   (Chapter 8)

9. **The Keynesian System (IV): Aggregate Supply and Demand**  
   (Chapter 9)

Part III  Macro After Keynes

10. **The Monetarist Counterrevolution**  
    (Chapter 10)

11. **Output, Inflation, Unemployment: Alternative Views**  
    (Chapter 11)

12. **New Classical Economics**  
    (Chapter 12)

13. **Real Business Cycles, and New Keynesian Economics**  
    (Chapter 13)

14. **Macroeconomic Models: A Summary**  
    (Chapter 14)
Part IV  Open Economy Macro

15. Exchange Rates, Monetary and Fiscal Policy (Chapters 15, 16)

Part V  Economic Policy

16. Money Supply and Monetary Policy (Chapters 17, 18)

17. Fiscal Policy (Chapter 19, 20)

Part V  Microeconomic Foundations (Chapter 21, 22)

18. Consumption and Investment (Chapter 21, 22)