

BOSTON COLLEGE
Department of Economics

EC 204 Macroeconomic Theory Honors
Spring 2000

Professor Murphy
T, TH 10:30 Campion 204

Macroeconomic Theory

Purpose of Course: This course covers in detail the theory and practice of modern macroeconomics. We will focus on the underlying determinants of economic growth, unemployment and inflation by developing and assessing a variety of simple models. A central feature of the course includes understanding the ability and limitations of macroeconomic policy for stabilizing the business cycle and promoting long-term growth.

Prerequisites: Students will have successfully completed EC 131-132, Principles of Economics.

Office Hours: I will hold office hours on Tuesday and Thursday mornings from 9:30 to 10:30 in Carney 333. You are welcome to make an appointment for other times. My office phone number is 552-3688 and my e-mail address is murphyro@bc.edu.

Textbooks: Macroeconomics, fourth edition, by N. Gregory Mankiw, Worth Publishers, 2000, available at the BC Bookstore. I have also ordered the Student Guide and Workbook to accompany the text. I will not assign problems from the workbook, but I urge you to purchase and use it.

Current Economic News: From time-to-time I will hand out or direct you to additional readings on current policy issues. I encourage you to follow current economic issues by reading on a daily basis one of the major national newspapers (e.g., The Wall Street Journal, The New York Times, and The Washington Post). Fortune and Business Week magazines are also good sources for keeping up on economic events. We frequently will discuss in class the relevant economic news of the day.

Grading: Your grade for the course will be based on a mid-term exam (40%) to be given on March 2 in class and a final exam (60%) to be given at the time and place posted by the Registrar. Makeup exams will not be given. If you must miss the mid-term exam, your grade will be based entirely on the final exam.

Course Outline

Part I. Introduction

1. The Science and Data of Macroeconomics, Mankiw, Ch. 1 & 2. (Jan. 18)

Part II. The Economy in the Long Run

2. Determination of National Income: Sources and Uses, Mankiw, Ch. 3. (Jan. 20)
3. Economic Growth, Mankiw, Ch. 4 & 5. (Jan. 25, 27)
4. The Determinants and Patterns of Unemployment, Mankiw, Ch. 6. (Feb. 1)
5. Money and Inflation in the Long Run, Mankiw, Ch. 7. (Feb. 3)
6. International Trade in Goods and Capital, Mankiw, Ch. 8. (Feb. 8)

Part III. The Economy in the Short Run

7. Introduction to Economic Fluctuations, Mankiw, Ch. 9. (Feb. 10)
8. Aggregate Demand, Mankiw, Ch. 10 & 11. (Feb. 15, 17)

*******NO CLASS OR OFFICE HOURS FEBRUARY 22*******

9. Aggregate Demand and the Open Economy, Mankiw, Ch. 12. (Feb. 24)
10. Aggregate Supply and Inflation, Mankiw, Ch. 13. (Feb. 29)

*******MID-TERM EXAM MARCH 2*******

*******SPRING BREAK MARCH 6--10 *******

Part IV. Macroeconomic Policy Debates

11. Stabilizing the Business Cycle, Mankiw, Ch. 14. (March 14, 16, 21)
12. Government Deficits and the Public Debt, Mankiw, Ch. 15. (March 23, 28)

Part V. The Microeconomic Details Behind the Macroeconomic Picture

13. Consumption, Mankiw, Ch. 16. (March 30, April 4)
14. Investment, Mankiw, Ch. 17. (April 6, 11)
15. Money Supply and Money Demand, Mankiw, Ch. 18. (April 13, 18)
16. Frontier Issues in Macroeconomics, Mankiw, Ch. 19 and Epilogue. (April 25, 27).
17. Review Session. (May 2)

*******FINAL EXAM AS SCHEDULED*******