



## Department of Economics

Macroeconomic Theory  
EC 202.04 (MW 3 – 4:15, Carney 104)  
Spring 2001  
Course Homepage:  
<http://www2.bc.edu/~waldkira/ec20204.html>

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### **I. Course Objective**

This course covers the theory and practice of modern macroeconomics. We will analyze the determinants of both short-run fluctuations and long-run growth in the economy. Keynesian and neoclassical approaches will be used to explain a wide variety of real world phenomena. Emphasis will be placed on macroeconomic policy and issues of open-economy macroeconomics.

### **II. Prerequisites**

Students will have taken both Principles of Microeconomics and Principles of Macroeconomics (EC131 and EC132). There is no formal math prerequisite. However, we will use math and simple calculus. The necessary tools will be presented in class.

### **III. Required Text and Readings**

Mankiw, N. Gregory: **Macroeconomics**, Fourth Edition, Worth Publishers (2000). All readings in the syllabus refer to this textbook unless otherwise noted. I have also ordered the **Student Guide and Workbook** to accompany the text. Purchase of this book is merely recommended. I will frequently supplement the textbook readings with articles on current economic events of interest. In order to get the most out of the course, I urge you to keep up with current economic issues on your own. This can most easily be done by getting into the habit of regularly reading publications such as **Business Week**, **The Wall Street Journal**, **Fortune** and/or **The Economist**. All these are available in O'Neill library.

### **IV. Course Requirements**

There will be a midterm and a final exam. The final exam is cumulative. There is also a term paper. A proposal of the topic you want to analyze is due by the end of March. The paper is due on the last day of classes. Additional details will be discussed in class. There will also be a number of problem sets that will be distributed throughout the course. Finally, regular class attendance is required.

There will be absolutely **no make up exams** given. Any missed exams require appropriate documentation from the Dean of your school in order to avoid a failing grade. If you miss the midterm, I will increase the weight of all other course requirements accordingly. You cannot miss the final exam. In the event that school is canceled on an exam day due to inclement weather or any other emergency, the exam will be given the next regularly scheduled class day.

The problem sets are crucial in helping you to understand the material taught in class. You are encouraged to work on problem sets together. Studying in groups is a valuable experience in and of itself and will enhance your understanding of the course material. However, **you are required to write up and turn in your own answers**. Problem sets that are simply copied from somebody else in class will receive a score of zero. Problem sets will be handed out at least one week before they are due. They are due in class. **Absolutely no late problem sets will be accepted**. Since I realize that unforeseen circumstances can arise, however, I will drop your lowest problem set score from consideration for your problem set grade. Answers to all problem sets as well as to the exams will be available on the course homepage: <http://www2.bc.edu/~waldkira/ec20204.html>.

Grades will be determined according to the following formula:

Problems sets	15% of final grade
Midterm	20% of final grade
Final exam (cumulative)	35% of final grade
Term Paper	25% of final grade
Attendance and class participation	5% of final grade

### **Exam and Term Paper Schedule:**

Midterm:	March 19
Paper proposal due:	March 28
Paper due:	April 30
Final:	May 4 (Friday), 12:30 p.m.

### **Problem Set Schedule:**

(subject to change)

	<u>Handed out</u>	<u>Due date</u>
Problem set 1:	January 29	February 5
Problem set 2:	February 7	February 14
Problem set 3:	February 19	February 26
Problem set 4:	February 28	March 14
Problem set 5:	April 2	April 9
Problem set 6:	April 18	April 25

## **V. Miscellaneous**

Class attendance is extremely important and active participation in class is strongly encouraged. You are always welcome to ask questions or raise issues of interest. This serves to maximize your learning, but also gives me instant feedback and lets me know which concepts are difficult to grasp. If there is anything that you do not understand from the lectures, feel free to come and see me during my office hours or set up an appointment. Talk to me after class or send e-mail to do so. Note that you are held responsible for all readings, assignments and announcements made in class.

Academic Integrity: Be advised that cheating on any exam will not be tolerated and will result in an automatic failing grade on the exam in question. Please refer to the page on Academic Integrity in the BC Student handbook.

## **VI. Course Outline and Readings** (subject to change as the course progresses)

### **1. Introduction** (1-2 lectures)

Readings: Chapter 1  
Chapter 2

### **2. Income, Unemployment, and Inflation in the Long Run** (5 lectures)

Readings: Chapter 3  
Chapter 6  
Chapter 7

### **3. Short-Run Economic Fluctuations** (6 lectures)

Readings: Chapter 9  
Chapter 10  
Chapter 11  
Chapter 13

### **4. Macroeconomic Policy** (3 lectures)

Readings: Chapter 14  
Chapter 15

### **5. Open-Economy Macroeconomics** (4 lectures)

Readings: Chapter 8  
Chapter 12

### **6. Economic Growth** (4 lectures)

Readings: Chapter 4  
Chapter 5

### **7. Epilogue** (1 lecture)

Readings: Epilogue