

BOSTON COLLEGE  
Department of Economics  
Fall 1996

**Intermediate Macroeconomics**

Ec 202 02  
MWF 11.00 am

**Prof. John Barkoulas**

412 Carney Hall, 552 3682  
Off. Hours: MW 1.00-2.00 pm  
and by Appt.

*There is no royal road to science and only those who do not dread the fatiguing climb of its steep paths have a chance of gaining its luminous summits.*

K. M., 1872

**Required Text:** Auerbach and Kotlikoff, *Macroeconomics: An Integrated Approach*. A semester's subscription to the Wall Street Journal is highly recommended.

**Grades and Policies:** Problem Sets: 30%, Mid-term (Oct. 25, Fri.): 35%, Final (Dec. 18, Wed., 12:30 pm): 35%. The final exam is not comprehensive. There will be a problem set approximately every two weeks. *Late problem sets will not be accepted. No make-up exams or early exams will be given.*

**Course Description:** In this course we will study how national economies behave and how they interact with the rest of the world. We will study the long-run behavior of economies: what makes them grow, how wealth is distributed to different groups, what determines important variables such as interest rates, unemployment, inflation, trade balance, and exchange rates. We will also study the short term behavior of economies and ask: what causes booms and recessions? How can policy makers influence the economy?

A good understanding of macroeconomics is important to all of you. Some of you will become policy makers, some of you will trade government bonds. All of you are citizens and have an obligation to be thoughtful and responsible when you judge your government's economic policies. Whatever you do, you ought to think clearly about macroeconomics. I put a premium on well-constructed opinions, regardless of which way your opinions point. Keep this in mind when you are discussing issues in class, preparing your homework assignments, and taking exams.

**Keys to success:** Read the material in advance, solve as many problems as possible thoroughly, never miss a class, never memorize.

**Tentative Course Outline:**

**A. The Basic Framework: The IS-LM Model**

Introduction

Measurement of Output, Chapter 5.

Monetary and Fiscal Policy, Chapter 9.

The Banking System, the Federal Reserve, and the Money Supply, Chapter 14.

Money and Prices in a Closed Economy, Chapter 8.

**B. Output, Inflation, and Unemployment**

The Nature and Costs of Unemployment, Chapter 11.

Countercyclical Policy, Chapter 12.

Understanding Recessions, Chapter 10.

**C. Growth**

Output, Inputs, and Growth, Chapter 1.

The Dynamic Supply of Inputs, Chapter 2.

The Dynamic Demand of Inputs and the Evolution of Output, Chapter 3.

Fiscal Policy, Saving, and Growth, Chapter 7.

**D. Business Cycles**

Economic Fluctuations, Chapter 4.

**E. International Economics and Finance**

Money, Exchange Rates, and Policy in the Open Economy, Chapter 13.

Saving and Growth in the International Economy, Chapter 6.

**F. Special Topics**

International Issues: Target Zones, Speculative Attacks, Policy Coordination, Economic Integration.

Comparative Economic Systems.