

BOSTON COLLEGE
Department of Economics

EC 750, Macroeconomic Theory I
Fall 1996

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The only text required for the course is Advanced Macroeconomics by David Romer. We will follow this text closely, although additional material will often be presented in class and, where appropriate, other readings will be suggested. Grades will be based on two examinations, one exam about half-way through the course and the other during final-exam period. Each exam will count 50%. Problem sets will be assigned and are required to be turned in, although they will not count directly in your grade.

1. Keynesian Theories of Macro Fluctuations

- a. Basic ISLM Analysis: Romer, sections 5.1-5.2.
- b. Extensions of the ISLM model: Romer, section 5.3, Sargent, Macroeconomic Theory, chapters 1-2, Blanchard and Fischer, Lectures on Macroeconomics, section 10.4.
- c. Models of Aggregate Supply: Romer, section 5.4, Blanchard and Fischer, sections 10.3, 10.5.
- d. Inflation-Output Tradeoffs: Romer, sections 5.5-5.6, Sheffrin, Rational Expectations, chapter 1.

2. Microfoundations of Incomplete Nominal Adjustment

- a. The Lucas Imperfect Information Model: Romer, sections 6.1-6.4, Sheffrin, chapters 2-3.
- b. Staggered Price Setting: Romer, sections 6.5-6.9, Blanchard and Fischer, sections 8.2-8.3.
- c. New Keynesian Economics: Romer, sections 6.10-6.14, Blanchard and Fischer, section 8.1.

3. Macroeconomic Policy

- a. Inflation, Money, and Interest Rates: Romer, sections 9.1-9.3.
- b. Macroeconomic Policy and Dynamic Inconsistency: Romer, sections 9.4-9.6, Blanchard and Fischer, chapter 11.
- c. Seignorage and the Cost of Inflation: Romer, sections 9.7-9.8, Blanchard and Fischer, section 10.2.

