

EC202.02 Macroeconomic Theory

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Overview

This course provides an intermediate treatment of macroeconomics for undergraduate students. The objective of the course is to give the students the necessary tools to understand critically the evolution of the economy, particularly in the post-war period, and to evaluate the current debates about macroeconomic policy.

Required Background

Algebra will be used. Some use of calculus will also be made. In that case, the arguments will also be stated in a way that requires no knowledge of calculus. A review of the necessary mathematical tools will be provided during the course.

Exercises, Exams and Grading

Students are expected to work through a set of exercises and to hand them in at a weekly tutorial sessions with the TA. A mid-term exam will count for 40% of the total grade, while a final exam will count for 60%. Exercises are an integral part of the course and are compulsory.

Textbook

The main textbook is:

N.G.Mankiw, *Macroeconomics*,, Worth Publishers, 1997.
(M from now on)

Additional material will be distributed in class.

Outline

1) Introduction: Basic Framework and Measurement

M., Ch.1,2 (2 is the most important)

2) Equilibrium with Flexible Prices

M, Ch. 3

3) Economic Growth

M, Ch. 4

4) An Introduction to Unemployment

M, Ch. 5

5) Money and Prices

M, Ch.6.

6) The Basic IS-LM Model and Aggregate Demand

M, Chs, 9 and 10 (Ch. 8 is an introductory chapter)

7) Aggregate Supply

M, Ch.12

8) The Macroeconomic Policy Debate

M, Ch. 13

9) The Open Economy

M, Chs.7 and 12

10) Consumption and Investment

M, Chs. 15 and 16

11) Government Debt

M, Ch. 16

12) Money Demand and Money Supply

M, Ch. 18