

BOSTON COLLEGE  
Department of Economics

EC 750  
Macroeconomic Theory I-b

Bob Murphy  
Fall 1997

Texts: The basic texts for the course are Lectures on Macroeconomics by Olivier Jean Blanchard and Stanley Fischer, MIT Press, and Advanced Macroeconomics, by David Romer, McGraw Hill. These texts are available at the bookstore. The course will follow the textbooks closely. I provide some additional readings below for those of you who wish to pursue topics in greater detail. Many of these additional readings are included in New Keynesian Economics edited by Greg Mankiw and David Romer, available from the MIT Press.

Requirements: Problem sets will be assigned and should be turned in. The course exam is scheduled for Friday, December 12.

1. Introduction/Review

Blanchard and Fischer, Chapter 1.

Romer, Sections 4.1-4.2.

Mankiw, G., "A Quick Refresher Course in Macroeconomics," JEL, 1990, 28:1645-1660.

Greenwald, B. and J.E. Stiglitz, "Keynesian, New Keynesian and New Classical Economics," Oxford Economic Papers, 1987, 39:119-132.

2. Competitive Equilibrium Business Cycles

Blanchard and Fischer, Chapter 7.

Romer, Sections 4.3-4.10.

Prescott, E., "Theory Ahead of Business Cycle Measurement," Federal Reserve Bank of Minneapolis Quarterly Review, Fall 1986.

Summers, L., "Some Skeptical Observations on Real Business Cycle Theory," Federal Reserve Bank of Minneapolis Quarterly Review, Fall 1986.

Eichenbaum, M. and K. Singleton, "Do Equilibrium Real Business Cycle Theories Explain Postwar US Business Cycles?" NBER Macroeconomics Annual 1986, 91-146.

Kydland, F. and E. Prescott, "Business Cycles: Real Facts and a Monetary Myth," Federal Reserve Bank of Minneapolis Quarterly Review, Spring 1990.

Hansen, G. and R. Wright, "The Labor Market in Real Business Cycle Theory," Federal Reserve Bank of Minneapolis Quarterly Review, Spring 1992.

### 3. Nominal Rigidities and Economic Fluctuations

Blanchard and Fischer, Chapter 8.

Romer, Chapter 6.

Ball, L., N.G. Mankiw and D. Romer, "The New Keynesian Economics and the Output-Inflation Trade-off," BPEA, 1988-1, 1-65, and comments. Also in Mankiw and Romer.

Hart, O., "A Model of Imperfect Competition with Keynesian Features," QJE, 97, February 1982, 109-138. Also in Mankiw and Romer.

Mankiw, N.G., "Small Menu Costs and Large Business Cycles: A Macroeconomic Model of Monopoly," QJE, 100, May 1985, 529-37. Also in Mankiw and Romer.

Akerlof, G. and J. Yellen, "A Near-Rational Model of the Business Cycle, with Wage and Price Inertia," QJE, 100, Supplement 1985, 823-38. Also in Mankiw and Romer.

Blanchard, O. and N. Kiyotaki, "Monopolistic Competition and the Effects of Aggregate Demand," AER, 77, September 1987, 647-66. Also in Mankiw and Romer.

Ball, L. and D. Romer, "Real Rigidities and the Non-Neutrality of Money," Review of Economic Studies, 1990, 57:183-203.