

BOSTON COLLEGE  
Department of Economics  
Spring 1997

**Intermediate Macroeconomics**

**Barkoulas**

Ec 202 02

3682

TTH 1.30 pm

**Prof. John**

142 Carney Hall, 552

Off. Hours: MW 12.30-1.30 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:** Olivier Blanchard, *Macroeconomics*. A semester's subscription to the *Wall Street Journal* is highly recommended.

**Grades and Policies:** Problem Sets: 20%, Mid-term (Feb. 27, Th.): 40%, Final (May 7, Wed., 12:30 pm): 40%. The final exam is not comprehensive. *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.

**Tentative Course Outline:**

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

Introduction, Chapter 1.

Measurement of Macroeconomic Variables, Chapter 2.

The Goods Market, Chapters 3, 4.

Financial Markets, Chapter 5.

Goods and Financial Markets Together, Chapter 6.

## B. Expectations

Expectations: The Basic Tools, Chapter 7.

Expectations, Consumption, and Investment, Chapter 8.

Financial Markets and Expectations, Chapter 9.

Expectations, Policy, and Output, Chapter 10.

## C. Openness

Openness in Goods and Financial Markets, Chapter 11.

The Goods Market in an Open Economy, Chapter 12.

Output, the Interest Rate, and the Exchange Rate, Chapter 13.

Expectations, Exchange-Rate Movements, and Exchange-Rate Crises, Chapter 14.

## D. The Supply Side

The Labor Market, Chapter 15.

The Complete Model, Chapter 16.

The Phillips Curve, Chapter 17.

Inflation, Disinflation, and Unemployment, Chapter 18.

Inflation, Interest Rates, and Exchange Rates, Chapter 19.

## E. Pathologies and Policy

High Unemployment, Chapter 20.

High Inflation, Chapter 21.

Fiscal and Monetary Policies, Chapters 27, 28, 29.

## F. Economic Growth

The Economy in the Long Run, Chapters 22, 23, 24.

## G. Special Topics

Comparative Economic Systems, Transition Economies, Chapter 26.