

BOSTON COLLEGE
Department of Economics

EC 204, Macroeconomics-Honors
Spring 1997
O'Neill 256 T,TH 3

Prof. Murphy
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This course covers the field of macroeconomics. The goal of the course is to develop a thorough understanding of both the theoretical and empirical aspects of the determination of output, interest rates, inflation and unemployment for the overall economy. The course will emphasize broad areas of agreement among economists concerning macroeconomic policy, while recognizing that on some issues economists sharply disagree. An integral part of the course will involve measuring and interpreting current macroeconomic conditions.

Texts: N. Gregory Mankiw, Macroeconomics, third edition, and the accompanying Student Guide and Workbook by Roger Kaufman. You are responsible for all material covered in the text chapters listed below. I will use my lectures to highlight important aspects of this material, but will not simply repeat the text. Because this honors-level course will cover more material than a standard course, the pace of the course is intensive. Reading the text material before class is essential to avoid falling behind.

Grades: Two in-class exams (25% each), a cumulative final exam (40%), and class participation (10%).

Problem Sets: Homework problems will be assigned but not graded. You may work with classmates on these problem sets. We occasionally will work on some of these problems in class.

Format: I will lecture much of the time in class, although we will reserve about 10-15 minutes each class for a discussion of current economic conditions. Students are expected to keep abreast of the steady stream of macroeconomic data reported in the media and will be required to present brief analyses in class about current conditions. Daily reading of the Wall Street Journal or New York Times, as well as appropriate WEB sites on the Internet, will help you keep on top of where the economy is heading. I will provide you each week with an economic calendar so you will know when certain data are scheduled for release.

I. Introduction: The Science and Data of Macroeconomics

1. Mankiw, Chapters 1 and 2.

II. The Economy in the Long Run

1. The Production, Distribution, and Allocation of National Income, Chapter 3.
2. Economic Growth, Chapter 4.

3. Unemployment, Chapter 5.
4. Money and Inflation, Chapter 6.
5. The Open Economy, Chapter 7.

** FIRST EXAM **

III. The Economy in the Short Run

1. Economic Fluctuations, Chapter 8.
2. Aggregate Demand, part I, Chapter 9.
3. Aggregate Demand, part II, Chapter 10.
4. Aggregate Demand in the Open Economy, Chapter 11.
5. Aggregate Supply, Chapter 12.
6. The Macroeconomic Policy Debate, Chapter 13.

** SECOND EXAM **

7. Recent Developments in the Theory of Economic Fluctuations, Chapter 14.

IV. Microeconomic Foundations of Macroeconomics

1. Consumption, Chapter 15.
2. Issues in the Debate Over Government Debt, Chapter 16.
3. Investment, Chapter 17.
4. Money Supply and Money Demand, Chapter 18.
5. Epilogue.

** FINAL EXAM, SCHEDULED DURING FINAL EXAM PERIOD **