

Boston College

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Economics 202 04

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Cushing 332 M W 3:00

Macroeconomic Theory

Macroeconomics is the study of the economy as a whole. Macroeconomics attempts to explain the evolution of important economic variables such as the total income of everyone in the economy, the price level, the unemployment rate, the interest rate, the exchange rate, etc. Macroeconomists study how these economic variables are determined, why they change over time, and how they are affected by the monetary and fiscal policies implemented by the government authorities. Macroeconomics helps us understand how the economy work and how we can improve it.

This course provides students with a general framework for thinking about important macroeconomic issues, such as: What determines income and income distribution in the economy? What are the causes and the costs of inflation? What determines a country's trade balance? What causes recessions and depressions? Can the government do anything to reduce unemployment? We will learn simple but insightful models and use them to discuss economic problems relevant to today's policy debates.

Course requirements:

Midterm examination	(Wed, February 25, 3:00 p.m.)	(40% of your grade)
Final examination	(Mon, May 4, 9:00 a.m.)	(50% of your grade)
Homework		(10% of your grade)

The final examination will be comprehensive.

The usual letter grades will be assigned. [Definition of letter grades: A , A- , excellent; B+, B, B-good; C+, C, C- , satisfactory; D+, D, D-, passing but unsatisfactory; F, failure or course dropped without notifying office; W, official withdraw from course; I, incomplete.]

The **required textbook** for the course is

***Macroeconomics* by N. Gregory Mankiw (New York: Worth Publishers, 1997, third edition).**

The textbook is accompanied by a *Student Guide and Workbook*.

COURSE OUTLINE

Part I: Introduction

The Science of Macroeconomics (Chapter 1)

The Data of Macroeconomics (Chapter 2)

Part II: The Economy in the Long Run

National Income: Its Production, Distribution, and Allocation (Chapter 3)

Economic Growth (Chapter 4)

Unemployment (Chapter 5)

Money and Inflation (Chapter 6)

The Open Economy (Chapter 7)

Part III: The Economy in the Short Run

Introduction to Economic Fluctuations (Chapter 8)

Aggregate Demand (Chapters 9 and 10)

Aggregate Demand in the Open Economy (Chapter 11)

Aggregate Supply (Chapter 12)

The Macroeconomic Policy Debate (Chapter 13)

Recent Developments in the Theory of Economic Fluctuations (Chapter 14)

Part IV: More on the Microeconomics Behind Macroeconomics

Consumption (Chapter 15)

The Debates Over Government Debt (Chapter 16)

