Economics EC202.02
Macroeconomic Theory
Spring 1998

Prof. Peter Pedroni   class schedule: 1:30-2:45 T,R
143 Carney Hall   class room: Fulton 453

        Office Hours: 3:00-4:00 W,F and by appointment
          email: peter.pedroni@bc.edu, phone: 552-3687

T.A.: Secil Uztetik (hours and phone number T.B.A.)

Textbooks: Mankiw, Gregory Macroeconomics, Worth, 3rd ed. (1997)
          Kaufman, Roger Student Guide and Workbook (optional)

Course Requirements: one midterm exam (40% of grade)
                     one final exam (50% of grade)
                     problem sets (10%)

Course Outline:

I. Introduction and Review Materials (1/2 week)

    A. Course Overview
    B. Basic Concepts, Chapters 1,2

II. Long Run Issues and Neoclassical Models

    A. The Basic Classical Model; Chapter 3 (1 week)
        long run income and employment under full price
        adjustment

    B. Long Run Growth; Chapter 4 (2 & 1/2 weeks)
        the classical Solow growth model
        endogenous growth models

    C. Long Run Unemployment; Chapter 5 (1/2 week)
        sources of persistent unemployment

    D. Money and Inflation; Chapter 6 (1 week)
        role of money and the quantity theory

    E. The Long Run Role of the Open Economy; Chapter 7
       (1 & 1/2 weeks)
        trade balances and international borrowing and lending
        exchange rates

III. Short Run Issues and New Keynesian Models

    A. The Basic Keynesian IS-LM Model; Chapters 8-10
      (2 weeks)
        short run income under fixed prices
        fiscal and monetary policy

    B. The Short Run Role of the Open Economy; Chapter 13
      (1 & 1/2 weeks)
        exchange rates and the Mundell-Fleming model

    C. Aggregate Supply and New Keynesian Explanations for
      Sticky Prices; chapter 11 (1 1/2 weeks)
        sticky wage models
        worker misperception models
        imperfect information models

IV. Bringing Together Long Run and Short Run Issues and Models

    A. The Policy Debate and the Models; Chapter 12 (1/2 week)

    B. Flexible Price Models; Chapter 14 (1 1/2 weeks)
        real business cycle models
       growth models and business cycles
       the role of relative prices and the open economy

    C. The Role of Government Debt; Chapter 16
      (1/2 week, time permitting)