

Economics 751:01
Macroeconomic Theory II
Spring 1999

Monday and Wednesday, 10 am - 12 pm
Fulton Hall, Room 425

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Office Hours: Monday and Wednesday, 12-1 pm

Course Description

In this course, we will consider a series of dynamic, stochastic, general equilibrium models of the business cycle. In doing so, our goals will be: (1) To understand the general principles by which these models are formulated and the general techniques by which these models are solved. (2) To evaluate these models according to their ability to account for and explain data from the United States and other economies. (3) To use these models to characterize optimal fiscal and monetary policies.

Course Materials

Xerox copies of my lecture notes are now available at the Boston College Bookstore; these notes will serve as the main text for the course. Three other texts are recommended, but not required:

Cooley, Thomas F., ed. *Frontiers of Business Cycle Research*. Princeton: Princeton University Press, 1995.

Manuelli, Rodolfo E. and Thomas J. Sargent. *Exercises in Dynamic Macroeconomic Theory*. Cambridge: Harvard University Press, 1987.

Sargent, Thomas J. *Dynamic Macroeconomic Theory*. Cambridge: Harvard University Press, 1987.

Course Requirements and Grading

Your grade for this first part of Economics 751 will be based on a final exam, to be held on Monday, March 15. Your grade for the course as a whole will then be determined as the average of your grade on this exam and the grade that you receive for Professor Gakidis' part of course.

The xerox package of lecture notes also contains a series of problem sets and solutions. These problem sets are designed to help you prepare for the exam and will not be collected or graded. The teaching assistant, Mr. Jiangzhuo Chen, will review the problem sets at a weekly problem session, to be held on Fridays from 1:30 to 3 pm in Carney Hall, Room 011.

Office Hours

I will hold regular office hours on Mondays and Wednesdays from 12 to 1 pm in Carney Hall, Room 143. I will also be available at other times; to make an appointment, you can reach me by phone at 552-3687 or by e-mail at peter.ireland@bc.edu.

Course Outline

1. *Dynamic Programming*
Sargent, Chapter 1
2. *Asset Prices and Consumption*
Sargent, Chapter 3
3. *Economic Growth and Business Cycles*
Cooley, Chapter 1
4. *Employment, Unemployment, and Business Cycles*
Cooley, Chapter 5
5. *Optimal Fiscal Policy*
Cooley, Chapter 12
6. *International Business Cycles*
Cooley, Chapter 11
7. *Money and the Business Cycle I**
Cooley, Chapter 7
8. *Money and the Business Cycle II**

*Topics 7 and 8 will be covered only if time permits.