

SYLLABUS

Department of Economics
EC 202
Macroeconomic Theory

A. Laramie
Spring 2003
Boston College

OFFICE HOURS:

Office: Administration Building, Room 480C
Times: Tuesday and Thursday 10:30 to 11:30, and by appointment
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REQUIRED READINGS: Richard T. Froyen, *Macroeconomics, Theories and Policies*, seventh edition, and Chapter 1 of the Economic Report of the President, February, 2002.

WEB SITES: Good web sites for macroeconomists include:

- 1) <http://www.bea.doc.gov/bea/dn/nipaweb/SelectedTables.asp> (National Income and Product Accounts of the U.S.)
- 2) <http://www.federalreserve.gov/sitemap.htm> (The Federal Reserve Board of Governors--provides access to Federal Reserve, reports, papers and statistics)
- 3) <http://www.fedstats.gov/> ("Gateway to statistics published by over 100 Federal Government Agencies.")
- 4) <http://www.census.gov/econ/www/index.html> (For the latest economic indicators published by the U. S. Census Bureau.)
- 5) <http://stats.bls.gov/datahome.htm> (For Bureau of Labor Statistics data on unemployment, inflation, working conditions and productivity.)
- 6) <http://w3.access.gpo.gov/eop/> (For on-line access to the Economic Report of the President).

COURSE OBJECTIVE: The purpose of this course is to provide a broad background in macroeconomic theory and policy. We will examine the origins of macroeconomics and the various macroeconomic theories and controversies which have emerged prior to and since the Great Depression. The course emphasizes the differing policy implications that are derived from various bodies of economic theory.

COURSE OUTLINE:

I. Introduction.

- A. What is macroeconomics?
- B. Macroeconomic measurements
- C. Macroeconomic Policy and Performance under the Clinton and Bush Administrations

II. Macroeconomic models

- A. Classical macroeconomics
 - a. Output and employment
 - b. Money, prices and interest
- B. Keynesian macroeconomics
 - a. The role of aggregate demand
 - b. The role of money
 - c. Policy Effects
 - d. Aggregate Demand/Aggregate Supply framework
 - e. Demand management in the general equilibrium model
- C. Monetarism
- D. A Monetarist/Keynesian debate: Inflation and Unemployment
- E. "New Classical" economics
- F. Real Business Cycle Theory and New Keynesian Economics

III. Long-term and Intermediate-Term Economic Growth

IV. Conclusion

GRADING:

Grading is based upon two semester exams and a final exam. Each semester exam's grade weight is 30%. The final exam's grade weight is 40%. The final exam will be cumulative.

Questions and Problems: In addition to the readings, questions and problems have been assigned. Questions and problems are to be completed as assigned. Doing the questions and problems will help you test your comprehension of the readings and help you prepare for the exams.

TENTATIVE ASSIGNMENT SCHEDULE:

Week of:

- 1/14 Introduction
 - Chapter 1 Introduction, questions 1 - 5
 - Chapter 2 Measurement of Macroeconomic Variables
- 1/21 Chapter 2 continued, questions 1 - 6
 - Economic Report of the President, Chapter 1
- 1/28 Chapter 3 Classical Macroeconomics I, questions 2, 3, 4, 6 and 7
- 2/4 Chapter 4 Classical Macroeconomics II, questions 1, 3, 5, 7, 9, 10
- 2/11 EXAM 1
 - Chapter 5 The Keynesian System I
- 2/18 Chapter 5 continued, questions 4, 8 - 12

Chapter 6 The Keynesian System II
2/25 Chapter 6 continued, questions 4 - 8, 10, 13
SPRING BREAK MARCH 3 TO MARCH 7
3/11 Chapter 7 The Keynesian System III, questions 1, 2, 4 - 6
Chapter 8 The Keynesian System IV
3/18 Chapter 8 continued, questions 2 - 4, 7 -11
Review
3/25 Exam
Chapter 9 The Monetarist Counter Revolution, questions 3, 4, 6
and 7
4/1 Chapter 10 Output, Inflation and Unemployment, questions 4, 6 and
9
Chapter 11 New Classical Economics, questions 1 - 4, 7
4/8 Chapter 12 Real Business Cycles and New Keynesian Economics
4/15 Chapter 12 continued
NO CLASSES ON 4/17
4/22 Chapter 19 Long- and Intermediate- Term Economic Growth
4/29 Last Class Day -- Review

FINAL EXAM AS SCHEDULED