

Boston College
Department of Economics

A. Laramie

EC 202.02

Spring 2002

Macroeconomic Theory

OFFICE HOURS: 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 2 of the Economic Report of the President, January 2001.

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 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 Administration
- D. Macroeconomic Performance under the Bush Administration

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
- E. "New Classical" economics
- F. Real Business Cycle Theory and New Keynesian Economics

III. Conclusion: Long-term and Intermediate-Term Economic Growth

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:

- 1/15 Introduction
Chapter 1 Introduction, questions 1 - 5
- 1/22 Chapter 2 Measurement of Macroeconomic Variables,
questions 1 -6
- 1/29 Economic Report of the President, Chapter 2, Chapter 3
Classical Macroeconomics I
- 2/5 Chapter 3 continued, questions 2,3,4,6 and 7, Chapter 4
Classical Macroeconomics II
- 2/12 Chapter 4 continued, questions 1, 5, 7 - 9, Review
- 2/19 **Exam**; Chapter 5 The Keynesian System
- 2/26 Chapter 5, questions 4, 8 - 12, Chapter 6 The Keynesian
System II
- 3/5 **Spring Vacation**
- 3/12 Chapter 6, questions 4 - 8, 10, Chapter 7 The Keynesian
System III
- 3/19 Chapter 7 continued, questions 1, 2, 4 - 6, Chapter 8 The
Keynesian System IV
- 3/26 Chapter 8 continued, questions 2 - 4, 7 -11
- 3/28 **Easter Break** --no classes
- 4/2 **Review - Exam**
- 4/9 Chapter 9 The Monetarist Counter Revolution, questions 3,
4, 6 and 7; Chapter 10 Output Inflation and Unemployment,
questions 4, 6 and 9
- 4/16 Chapter 11 New Classical Economics, questions 1 - 4, 8,
Chapter 12 Real Business Cycles and New Keynesian
Economics
- 4/23 Chapter 12 Continued, Chapter 19 Long- and Intermediate-
Term Economic Growth
- 4/30 Last Class Day -- **Review**
FINAL EXAM AS SCHEDULED