

Econ 202 A1 and 202 B1

Intermediate Macroeconomics

Syllabus

Fall 2006

Section A1 is held MWF 9 to 9:50 in CAS B36, and Section B1 is held MWF 11 to 11:50 in CAS 216.

1. General outline of the class

This is an intermediate class in macroeconomics. The aim of the class is to develop some language, concepts and tools to study macroeconomics, i.e. economic growth, inflation, business cycles, international economics, and the effect of government policies. A detailed outline, with the corresponding textbook chapters, is at the end of this syllabus.

The format of the class: it will be mostly lectures, but I will also sometimes review problem sets or exams and I would like to have some discussions. You're welcome to make remarks or to ask questions during the class. Do not hesitate to interrupt me if you do not understand me or are confused by something I said. You can also of course come ask me questions after class, or during office hours, or by email. My experience is that email is great for precise questions, but it is ineffective when the question is more general. Also, keep in mind that the TAs are also available to help you out, either by email or directly during office hours. Please ask for help as soon as you fall behind, and not just before the exams!

We will sometimes discuss recent newspaper articles about economic issues; I encourage you to read the weekly magazine *the Economist*, and a daily newspaper with a good economic coverage such as the Financial Times (FT), or the Wall Street Journal (WSJ). There are subscriptions at discounted rates available for

students, and the FT is also available online. You are welcome to draw attention on something that you read which you think is related to the class.

You are expected to attend classes. Any material covered in class can be on the midterms or final.

2. Contact Info

François Gourio; Office: room 400, 264 Bay State Road.

Best way to reach me is email: <fgourio@bu.edu>.

Office hours: Monday and Friday 10–11 and Monday 4:30-6.

3. Course Web Page

The material for the class will be posted on courseinfo: <http://courseinfo.bu.edu>.

4. Prerequisites

Introductory macroeconomics EC 102 (or EC 112) is *required*. You should be familiar with the analysis of diagrams with two curves (e.g., supply/demand), and the difference between the shift of a curve and the movement along a curve. A good knowledge of high school algebra is *necessary* (you should be comfortable solving a system of two or three linear equations, or solving a quadratic equation, and interpreting graphs). A previous exposure to microeconomics (EC 101 or better EC 201) will help you but is not required. Knowledge of calculus will be useful to understand alternative derivations of the results, even though you do not need calculus (i.e., I will provide explanations which do not use calculus). This class is highly conceptual, because the topic is rather abstract. If you feel you may be inadequately prepared, I encourage you to consider taking the class in a future semester, and/or to talk to me.

5. Textbook

The following textbook is *required*: Macroeconomics, by N. Gregory Mankiw, 5th edition, Worth publishers. (ISBN 0716752379). This book is available at the BU bookstore, or you can buy it online. Often I will follow the textbook and add some extra material, in the forms of readings or handouts.

6. Grading and policies

There will be several problem sets, which will not count towards your grade. You are encouraged to do them for practice. (They will be graded by the TAs so that you can see how well you understand the material.) I will post solutions on the web and we can discuss them in class, depending on time and interest. There will be two midterms (50mn each, during normal class hours), and one final exam (date and room to be announced). The final is cumulative. The midterms will *likely* be given in class at the date scheduled on the last page of this syllabus, with the corresponding chapters to be covered, but this is only a forecast. Your class grade will be the average of the final and the best of the two midterms, with weights $2/3$ and $1/3$:

$$\text{final grade} = \frac{2}{3}F + \frac{1}{3} \max(M_1, M_2),$$

where M_1 and M_2 are the midterm grades and F is the final grade, each of these being “curved”. (This formula implies that you can decide not to take *one* of the two midterms, but not both; or you can take both midterm.) Each grade will be on a 100pt scale.

There will be no make-up midterm. The exams must be taken at the scheduled time unless a valid, certified excuse is given. Without such an excuse, you will receive a grade of zero. Please arrange your travels around exam dates carefully as the date of the exam *cannot* be changed. Students caught cheating or otherwise violating the rules of academic conduct will receive a zero grade for the class, and will be deferred to the Dean’s office. The code of academic conduct is available in room CAS 105.

7. Teaching Assistant

TBA, Office: *TBA*, Office hours: *TBA*, Email: *TBA*. The TA will grade the problem sets and exams. Complaints about grading must be taken up with the TA before I consider them. Exams will be re-graded only if completed in permanent ink. Complaints about grading will be considered only if you received almost no credit and you think you deserve almost full credit.

Outline for econ 202			
This is a forecast, and I will probably change it at some point.			
However this should give you an idea of where the course is going.			
Date	Topic	Reading	
Part 1: Introduction, Measurement, Framework			
Wed	6-Sep	Introduction	Chapter 1
Fr	8-Sep	Measurement	Chapter 2
Mon	11-Sep	...	Chapter 2
Wed	13-Sep	Framework	Chapter 3
Fri	15-Sep	...	Chapter 3
Part 2: The Long Run			
Mon	18-Sep	Growth (long-run)	Chapter 7 & 8
Wed	20-Sep	...	...
Fr	22-Sep	...	...
Mon	25-Sep	...	...
Wed	27-Sep	...	...
Fr	29-Sep	...	...
Mon	2-Oct	Money (long-run)	Chapter 4
Wed	4-Oct	...	...
Fr	6-Oct	Employment (long-run)	Chapter 6
Mon	9-Oct	...	Note: no class on Mon, but class on Tu 10-10
Wed	11-Oct	Midterm 1 in class	covers chapters 1,2,3,4,7,8 [+handout(s)]
Fr	13-Oct	No class (parents weekend)	
Mon	16-Oct	Midterm Review	
Part 3: The Short Run Keynesian Model			
Wed	18-Oct	Short-run: introduction	Chapter 9
Fr	20-Oct	Aggregate demand	Chapter 10&11
Mon	23-Oct	...	Class to be moved to another time
Wed	25-Oct	...	Class to be moved to another time
Fr	27-Oct	Aggregate Supply	Chapter 13
Mon	30-Oct	...	...
Wed	1-Nov	Govt policies	Chapter 14&15
Fr	3-Nov	...	
Part 4: "Microfoundations" and a simple two-period model			
Mon	6-Nov	Microfoundations	Chapter 16 to 19
Wed	8-Nov	Midterm 2 in class	covers chapters 9,10,11,13,14,15 [+handout(s)]
Fr	10-Nov	Holiday	
Mon	13-Nov	Midterm review, conclusions on short-run keynesian	
Wed	15-Nov	Microfoundations	Chapter 16 to 19
Fr	17-Nov	Microfoundations	Chapter 16 to 19
Mon	20-Nov	Microfoundations	Chapter 16 to 19
Wed	22-Nov	recess (Thanksgiving)	
Fr	24-Nov	recess (Thanksgiving)	
Part 5: The Open Economy			
Mon	27-Nov	Open Eco	Chapters 5 & 12
Wed	29-Nov	...	Chapters 5 & 12
Fr	1-Dec	...	Chapters 5 & 12
Mon	4-Dec	...	Chapters 5 & 12
Wed	6-Dec	...	Chapters 5 & 12
Fr	8-Dec	...	Chapters 5 & 12
Mon	11-Dec	Review	
	Time TBA	Final Exam	covers everything