

EC202 Summer Term

Intermediate Macroeconomics

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The goal of this course is to introduce students to modern approaches to theoretical macroeconomics. Great relevance is given to the leading theoretical models of Economic Growth and Business Cycle. For each part of the course, a review of macroeconomic data will provide the motivation for the theoretical analysis. Empirically testable implications of the theory will be discussed. At the end of the course, the student should be able to interpret macroeconomic data and analyze macroeconomic policy.

Contact Information

Office Hours: Th. 4-5.30pm or by appointment.

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Classes Tu-Th 6.00-8.30pm. Attendance is mandatory.

Grades and Exams There will be a midterm and a final examination. The midterm exam will count for 30% of the grade while the final exam will make up for 55% of the grade. Problem sets are worth 10%. The remaining 5% will take into account attendance and class participation.

Problem Sets Each Tuesday you are expected to hand in a brief problem set. Some (but not all) of the questions will be corrected and graded.

Texts and Readings The required textbook for the course is N. Gregory Mankiw, *Macroeconomics*, 6th Ed. Worth Publishers. Selected chapters will be assigned on each topic. Notes for parts of the syllabus not covered in the textbook will be provided in class.

Academic Conduct It is your responsibility to know and understand the provisions of the CAS Academic Conduct Code (copies are available in room CAS 105). Cases of suspected academic misconduct will be referred to the Dean's Office, and will receive a zero grade for the exam.

Prerequisites EC102. Some algebra and calculus will be used. If you are not familiar with the math used in the course, please speak to me as soon as the end of the first week of class.

Course Outline

1. Introduction, motivation and data
2. Intertemporal Choice, Consumption and Savings
 - (a) 2 Period Model
 - (b) Life Income Hypothesis
3. National Accounting
4. Long Run Economic Growth
 - (a) Motivation: A look at the Data
 - (b) The Solow Growth Model and Convergence
 - (c) Romer's Model
 - (d) Institutions and Development
5. Labor Market and Unemployment
6. Money Supply and Inflation
7. Short Run. Motivation and different approaches.
8. Short Run Neoclassical Macroeconomics
 - (a) A Neoclassical Approach
 - (b) Public Debt and the Ricardian Equivalence
9. New-Keynesian Macroeconomics
 - (a) Price and Wage Rigidities
 - (b) The IS-LM Model
 - (c) AS-AD: Economic and Monetary Policy
 - (d) IS-LM in an Open Economy: the Mundell-Fleming model
10. Macroeconomics Today: What we know and what we don't.

Tentative Schedule

week 1

May 20 Introduction, Motivation and Data; Intertemporal Choice

May 21 Intertemporal Choice II

May 22 National Accounting; Growth I (Production)

week 2

May 27 Growth II

May 28 Growth III

May 29 Labor Market

week 3

June 4 Money Supply and Inflation

June 5 Short Run: Introduction; Neoclassical Macroeconomics

June 6 Public Debt and the Ricardian Equivalence

week 4

June 10 Midterm Exam

June 11 Price and Wage Rigidities

June 12 IS-LM I

week 5

June 17 IS-LM II

June 18 IS-LM III; AS-AD: Economic and Monetary Policy I

June 19 AS-AD: Economic and Monetary Policy II

week 6

June 24 Open Economy I

June 25 Open Economy II; Conclusions

June 26 Final Exam