

EC202-C1 Spring '09

Intermediate Macroeconomic Analysis

Gabriele Gratton

January 13, 2009

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: W-Th 10.30-11.30am or by appointment.

Office: 268 Bay State Road, Room B02

e-mail: gratton@bu.edu

Tel.: (617) 353-5687

Classes M-W-F 12-1pm. 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.

Grader/TF Sher, Chien-Yuan.

Problem Sets Most Mondays you are expected to hand in a brief problem set. Some (but not all) of the questions will be corrected and graded. No time extension will be granted. In case you cannot make it to class on Monday, please email me and the Grader/TF a copy of your problem set together with a proper justification for your absence.

Texts and Readings The required textbook for the course is N. Gregory Mankiw, *Macroeconomics*, 6th Ed. Worth Publishers. The textbook should be intended as a reference for your home studying and selected chapters will be assigned on each topic. Notes for parts of the syllabus

not covered in the textbook will be provided online on Blackboard. Please consider the lectures in class, the notes and the problem sets as your main means of preparation for the exams.

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.

1 Tentative Schedule

date	topic	PS	Mankiw
14-gen	INTRODUCTION: motivation and data		Ch. 1 and 2
16-gen	INTRODUCTION: motivation and data II		
21-gen	Intertemporal Choice I		Ch. 16
23-gen	Intertemporal Choice II		
26-gen	Intertemporal Choice III		
28-gen	Intertemporal Choice IV		
30-gen	National Accounting		Ch. 3.1, 3.2 and 3.3
02-feb	Growth I: Production	PS1 due	Ch. 7
04-feb	Growth II: Solow		
06-feb	Growth III: Solow Discussion		Ch. 8
09-feb	Growth IV: Endogenous Growth	PS2 due	
11-feb	Growth V: Institutions and Development		
13-feb	Labor Market and Unemployment		Ch. 6
17-feb	Money Supply and Inflation I	PS3 due	Ch. 4
18-feb	Money Supply and Inflation II		
20-feb	Short Run: Introduction		Ch. 9.1
23-feb	Neoclassical Macroeconomics		Ch. 3.4 and 19.1
25-feb	Open Economy (Neoclassical) I		Ch. 5
27-feb	Open Economy (Neoclassical) II		
02-mar	Public Debt and Ricardian Equivalence	PS4 due	Ch. 15
04-mar	Midterm Review I		
06-mar	Midterm Review II		
16-mar	MIDTERM		
18-mar	Price and Wage rigidities		Ch. 9
20-mar	Price and Wage rigidities II		
23-mar	IS-LM I		Ch. 10
25-mar	IS-LM II		
27-mar	IS-LM III		
30-mar	IS-LM IV	PS5 due	
01-apr	IS-LM V		
03-apr	AS-AD: Economic and Monetary Policy I		Ch. 11
06-apr	AS-AD: Economic and Monetary Policy II	PS6 due	
08-apr	AS-AD: Economic and Monetary Policy III		
10-apr	Open Economy I		Ch. 12
13-apr	Open Economy II	PS7 due	
15-apr	Open Economy III		
17-apr	Open Economy III		
22-apr	Neoclassical and Keynesian	PS8 due	Ch. 14 and Epilogue
23-apr	Political Economy		
24-apr	Conclusions		
27-apr	Review I		
29-apr	Review II		