

BOSTON COLLEGE
Department of Economics

ECON 2204 Macroeconomic Theory - Honors
Spring 2018
Class: T & Th 10:30, O'Neill Library 253
<http://www2.bc.edu/robert-murphy>

Bob Murphy
Maloney 394
Office Hours: T & Th 2:00-3:00
E-mail: murphyro@bc.edu

Macroeconomic Theory - Honors

Purpose of Course: This course covers the theory and practice of macroeconomics. We will focus on the underlying determinants of economic growth, unemployment and inflation by developing and analyzing a variety of simple models. A central feature of the course includes understanding the ability and limitations of macroeconomic policy for stabilizing the business cycle and promoting long-term growth.

Prerequisites: Students will have successfully completed ECON 1131-1132, Principles of Economics, and MATH 1100-1101, Calculus I and II.

Office Hours: I will hold office hours on Tuesday and Thursday afternoons from 2:00 to 3:00 in room 394 of Maloney Hall. You are welcome to make an appointment for other times. The best way to reach me e-mail address is murphyro@bc.edu. My office phone number is 617-552-3688.

Textbooks: Macroeconomics, ninth edition, by N. Gregory Mankiw, Worth Publishers, 2016 available at the BC Bookstore (or direct from the publisher or Amazon). You are welcome (but not required) to make use of the LaunchPad web site that the publisher has provided. You can purchase LaunchPad alone, which gives you access to the e-Book version of the text. If you purchase the hardcopy or loose-leaf version of the text, complimentary access is provided to LaunchPad.

Problem Sets: I will post problem set assignments on my own course page at www2.bc.edu/robert-murphy. The problems are drawn from the ends of each chapter of the textbook. Answer keys will be posted following the due dates listed. These problem sets are to be handed in during class on the due dates and will be graded on a pass-fail basis. I urge you to work through these problems and check the answer keys. You may work together on the problem sets.

Supplements and Current Economic News: I have prepared a set of Supplements for the course and will post them on Google drive to which I will share the link. These Supplements often go into more depth than the textbook or highlight issues not directly covered in the textbook. Each week, we will discuss some of these in class and I have noted the relevant ones on the course outline. I also encourage you to follow current economic events and policy issues by reading on a daily basis one of the major national newspapers (e.g., The Wall Street Journal, The New York Times, and The Washington Post). Fortune, Business Week and the Economist magazines also are good sources for keeping up on economic events. We frequently will discuss in class the relevant economic news of the day.

Grading: Your grade for the course will be based on three exams (33.3% each) to be given on **THURSDAY, FEBRUARY 22, THURSDAY, APRIL 5, and THURSDAY May 3** in class. Makeup exams will not be given. If you must miss an exam (but only with an excuse ahead of time), your grade will be based on the other exam and final exam. Problem sets will be used to adjust grades on the borderline between levels.

Academic Integrity: The academic functioning of Boston College requires *academic integrity*, which in this course means that you do your own work on exams. All exams in this course will be closed book, meaning that you will not use the textbook, notes or electronic devices when taking exams. You may work together on problems sets. Violations of academic integrity will be reported to your class dean and reviewed by the College of Arts and Sciences Academic Integrity Committee. You should review the University's policy on academic integrity at bc.edu/integrity. If you have questions, please consult with me and/or your academic adviser.

Course Outline

Part I. Introduction

1. The Science and Data of Macroeconomics, Mankiw, Ch. 1 & 2. (Jan. 16)
Supplements 1-2, 1-3, 2-1, 2-3, 2-4, 2-5, 2-6, 2-7, 2-8, 2-9, 2-10, and 2-11.

No Class on January 18

Part II. The Economy in the Long Run

2. Determination of National Income: Sources and Uses, Mankiw, Ch. 3. (Jan. 23)
Supplements 3-3, 3-5, 3-6, 3-7, and 3-8.
3. The Monetary System and Inflation, Mankiw, Ch. 4 & 5. (Jan. 25, 30)
Supplements 4-1, 4-2, 4-3, 4-4, 4-5, 5-2, 5-3, 5-4, 5-5, 5-7, 5-8, 5-9, 5-10, 5-11, 5-14, 5-15.
4. The Open Economy, Mankiw, Ch. 6. (Feb. 1)
Supplements 6-1, 6-2, 6-5, 6-6, 6-7, 6-8.
5. The Determinants and Patterns of Unemployment, Mankiw, Ch. 7. (Feb. 6)
Supplements 7-1, 7-3, 7-6, 7-7, 7-8, 7-9, 7-10, 7-11, 7-12, 7-13, 7-14, and 7-15.

Part III. The Economy in the Very Long Run

6. Economic Growth, Mankiw, Ch. 8 & 9. (Feb. 8, 13)
Supplements 8-1, 8-2, 8-3, 8-4, 8-5, 8-6, 8-7, and 8-8.
Supplements 9-1, 9-2, 9-3, 9-4, 9-5, 9-6, 9-8, and 9-9.

No Class February 15

7. Review Session (Feb. 20)

*******FIRST EXAM THURSDAY, FEBRUARY 22 IN CLASS*******

Part IV. The Economy in the Short Run

8. Introduction to Economic Fluctuations, Mankiw, Ch. 10. (Feb. 27)
Supplements 10-1, 10-2, 10-3, 10-4, 10-6, 10-7, 10-8, and 10-9.
9. Aggregate Demand, Mankiw, Ch. 11 & 12. (Mar 1)
Supplements 11-2, 11-3, 12-1, 12-2, 12-3, 12-4, 12-5.

No Class March 6 & 8 – Spring Break

10. Aggregate Demand in the Open Economy, Mankiw, Ch. 13. (Mar. 13)
Supplements 13-1, 13-4, 13-6, 13-7, 13-8, 13-9, 13-10, 13-11, and 13-12.
11. Aggregate Supply and the Phillips Curve, Mankiw, Ch. 14. (Mar. 15, 20)
Supplements 14-1, 14-2, 14-3, 14-4, 14-5, 14-7, 14-8, 14-9, 14-10, and 14-12.

Part V. Topics in Macroeconomic Theory

12. Consumption, Mankiw, Ch. 16. (Mar. 22)
Supplements 16-1 to 16-6.
13. Investment, Mankiw, Ch. 17. (Mar. 27)
Supplements 17-1 to 17-13.

No Class March 29 – Easter Break

14. Review Session (Apr. 3)

*******SECOND EXAM TUESDAY, APRIL 5 IN CLASS*******

Part VI. Topics in Macroeconomic Theory and Policy

15. A Dynamic Model of Aggregate Demand and Supply, Ch. 15. (Apr. 10, 12, 17)
Supplements 15-1, 15-3, 15-4, 15-5, 15-6, and 15-7
16. Stabilization Policy, Mankiw, Ch. 18. (Apr. 19, 24)
Supplements 18-1 to 18-5 and 18-8 to 18-16.
17. Government Debt and Budget Deficits, Mankiw, Ch. 19. (Apr. 26)
Supplements 19-1 to 19-9 and 19-11.
18. The Financial System and Financial Crises, Mankiw, Ch. 20. (May 1)
Supplements 20-1 to 20-13.

*******THIRD EXAM, THURSDAY, MAY 3 IN CLASS*******