Course Overview

The course explores theoretical and empirical issues of central importance for macroeconomics. The major topics covered in the course include economic growth, consumption and savings, investment, business cycle fluctuations, the relationship between monetary policy and output, and optimal monetary policy. Throughout the course emphasizes the implications of macroeconomic theory for macroeconomic data. Readings may include selected chapters from the textbook, class notes, and research articles.

Textbook & Readings


Course Requirements

One Midterm Examination (20% of Grade)

This exam will be held in class on Oct 16, 2019.

One Final Examination (30% of Grade)

This exam will be held at a time and location determined by the BU Registrar.
Six Problem Sets (20% of Grade)

These problem sets will be made available on the course Blackboard site, and due dates will be indicated in class. You are allowed to work in groups of no more than 5 students on the problem sets. If you do work in groups, you must list your group members. Each student must turn in their own unique writeup of the solutions to receive credit. Unless otherwise indicated, problem sets are due at the beginning of class. You will receive a grade of 0, ✓ -, ✓, or ✓ +, with at least a ✓ if you attempt all the problems.

Empirical Project (30% of Grade)

Imagine you are a macro analyst at a large investment bank. You will find and explain five empirical facts drawn from macro data. You may use any data from the St. Louis’ Fed’s FRED database or the Penn World Tables. A completed assignment will present each fact using a separate well documented figure or table spanning at most one page, which will form part of a document which is at least seven pages long in total. You may double space the document if you wish. The rest of the document, other than the fact tables or figures themselves, must provide an introduction, an explanation of the calculations and derivations you used, a discussion of the meaning of the facts, and a discussion of the significance of the facts. The facts must be true, non-trivial, related to some topic in the course, related to each other, and have some importance to a person without a macro background.¹ You may work in groups of no more than 5 students, listing members. You must not plagiarize. Cite and document any sources you use. Write understandably to persons without a macro background. You must submit the document in class on December 4, 2019.

Accommodations

If you have a need for accommodation, please bring information from the BU Office of Disability Services to me so that I can ensure you receive such accommodation.

Course Outline

- Economic Growth
  - Production Functions
  - Solow Growth Model
  - Growth Accounting
  - Convergence
  - Growth Empirics
  - Endogenous Growth
- Business Cycle Fluctuations
  - Consumption and Savings
  - Investment
  - Real Business Cycles
  - Monetary & New Keynesian Economics
  - Monetary & Fiscal Policy
  - Financial Crises & the Great Recession
  - Unemployment

¹A true, trivial, fact is “US nominal GDP was $19,519 billion in 2017.” A true, non-trivial fact is “Population-weighted inequality in living standards across nations has declined in recent years.”