

BOSTON COLLEGE

Department of Economics

Principles of Macroeconomics
EC 132.11, Spring 2001
MWF 2, Campion 235
<http://www2.bc.edu/~papadopn>

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Course Objectives:

The objective of this class is to learn the fundamentals of Macroeconomics. This branch of economics focuses on the aggregate behavior of the national economy (as opposed to say changes affecting only specific industries). Parts of the concepts to be studied include investment, consumption, long-run economic growth, unemployment, inflation, national income accounting, fiscal policy, monetary policy, and open economy macroeconomics. This course has no formal prerequisites. However, sufficient understanding of economics requires knowledge of some mathematical techniques. The essential elements of mathematical tools needed for this course will be covered in class as we go along, but you should review some basic algebra on your own if you feel you need to. You should be comfortable manipulating fractions, decimals, and percentages, solving simple equations and reading and interpreting graphs. Note that the Academic Development Center (ADC), located on the second floor of O'Neill Library, provides free tutoring services.

Readings:

The Required Text for this class is the *Principles of Macroeconomics*, 5th Edition, by Karl E. Case and Ray C. Fair. It is also suggested that you get in the habit of following the economy by reading either the weekly magazine *The Economist* or by reading the Business Page of the *New York Times*. You will be expected to follow the major economic news stories from around the world. Occasionally, I will bring handouts from newspapers to class for discussions.

Requirements:

The course is based on two midterms and a final exam. The midterms are in-class and will cover material up until the exam. The final is cumulative. The final exam will count for 50% of your grade and each midterm for 25% of your grade.

Problem Sets:

Problem sets will be posted on the class web page as well as the solutions. You are responsible for downloading them on time from the class web page and solve them. Problem Sets will not be collected. Although you are not responsible to hand in your answers, they are crucial in helping you to understand the material taught in class. In addition, they help you in preparing for the exams. You are encouraged to work on together. Studying in groups is a valuable experience and will enhance your understanding of the course material.

Exams:

There will be no make-up exams. If you are forced to miss an exam you will have to provide documentation from the Dean of your school (as well as your physician, if applicable). In the case where you miss one of the midterms I will increase the weight of all other course requirements accordingly. Otherwise, you will receive a zero for that midterm. You cannot miss the final exam. In the event that school is canceled on an exam day due to inclement weather or any other emergency, the exam will be given the next regularly scheduled class day.

Academic Integrity:

Be advised that cheating on any exam will not be tolerated and will result in an automatic failing grade on the exam in question. Please refer to the page on Academic Integrity in the BC Student Handbook.

Attendance:

Class attendance is extremely important. You are expected to attend each class and notify the instructor if you have to miss any classes. Active participation in class is strongly encouraged. You are always welcome to ask questions or raise issues of interest. If there is anything that you do not understand from the lectures, feel free to come and see me during my office hours or set up an appointment. Note that you held responsible for all readings, assignments and announcements made in class.

Exam Schedule:

Midterm 1:	Friday, Feb 23
Midterm 2:	Friday, Apr 6
Final:	Friday, May 11, 9:00 am

Course Outline and Readings: (subject to change as the course progresses)Part A:

Chapter 6: Introduction to Macroeconomics
Chapter 7: Measuring National Output and National Income
Chapter 8: Macroeconomic Concerns: Unemployment, Inflation, and Growth
Chapter 9: Aggregate Expenditure and Equilibrium Output
Chapter 10: The Government and Fiscal Policy
Chapter 11: The Money Supply and Federal Reserve System
Chapter 12: Money Demand, the Equilibrium Interest Rate, and Monetary Policy

Midterm 1

Part B:

Chapter 13: Money the Interest Rate, and Output: Analysis and Policy
Chapter 14: Aggregate Demand, Aggregate Supply and Inflation
Chapter 15: The Labor Market, Unemployment and Inflation
Chapter 16: Deficit Reduction, Fed behavior, Stabilization, Stock Market Effects, and Macro Issues Abroad
Chapter 17: Household and Firm Behavior in the Macroeconomics
Chapter 21: Open-Economy Macroeconomics: The Balance of Payments and Exchange Rates

Midterm 2

Part C:

Chapter 20: International Trade, Comparative Advantage, and Protectionism
Chapter 22: Economic Growth in Developing Countries
Chapter 23: Economies in Transition and Alternative Economic Systems

Final Exam