Economics 132.04
Principles of Macroeconomics
Fall 2011
Mondays and Wednesdays 3:00 - 4:15
Mikhail Dmitriev
Campanella Way 21 Room 459
Office Hours: Monday Wednesday 6:00 - 7:30

1 Course Description
This course is one of the introductory courses that

• are required for students in The College of Arts and Sciences student majoring or minoring in Economics
• are required for all students in the Carroll School of Management
• fulfill the social science core requirement

Economics 131, Principles of Microeconomics, studies how individual households and firms make decisions and how they interact in individual markets.

Economics 132, Principles of Macroeconomics (this course), studies the economy as a whole, to explain how economic events affect many households, firms, and markets simultaneously.

These two courses may be taken in any order; and, to satisfy the University Core requirement, one of them may be taken together with another Social Science Core course. This course will be self-contained and will not require prior knowledge of the material covered in Microeconomic Principles.
2 Course Materials and Resources


Homework Assignments: Home work assignments will be posted and submitted online via connect plus service http://connect.mcgraw-hill.com/class/m_dmitriev_fall_2011_mw_300

Lecture Notes: Will available through course web page using Blackboard Vista service (You can access it via web page https://cms.bc.edu or through agora portal)

Class Presentations: Will available through course web page using Blackboard Vista service (You can access it via web page https://cms.bc.edu or through agora portal)

3 Course Requirements and Grading

Your grade for this course will be based on three exams, homework assignments and two projects.

For the exams, you will be held responsible for material covered in:

- (i) our in-class discussions
- (ii) the relevant chapters of the textbook
- (iii) lecture notes
- (iv) any supplementary materials we discuss in class
- (v) the homework assignments

We will have three exams on October 5, November 7 and December 14 during standard class time.

4 Grading System

4.1 Homework assignments

Homework assignments will be graded. Total weight of the problem sets will be 20 %. I expect to have about 10 problem sets. I will take average percentage from your best 7 results. You will submit them via web page http://connect.mcgraw-hill.com/class/m_dmitriev_fall_2011_mw_300

4.2 Exams

We will have three exams, and your worst result will be dropped. Weights of the two best exams will be 40 % each in the total grade.
4.3 Projects

We will have 3 projects. For each project, best 5 results will be awarded 5,4,3,2,1 % as a bonus to their grade.

5 Policies on Late Home Assignments, Missed Exams, and Extended Absences

5.1 Missed Exams

If you missed one exam, we will consider your average among two left exams. You will also get a premium on your average grade, which will be calculated according to the following formula: assume that your grade is 50 points/100 points in the first exam and 70 points/100 points in the second exam and you missed the third exam. Also we know that for those who did not miss any exam average result is 60 points and after dropping the worst result their average is 75 points. Then your grade will be

\[
\frac{50 + 70}{2} = 65
\]

so your result will be 74 average points for the exams.

This will give you insurance against medical problems, but at the same time will encourage you to take all three exams.

5.2 Late Home Assignments.

You will have insurance in the form of choosing your best results.

6 More details about this course

6.1 Organizing Principles

I do not expect many of you to continue studying Macroeconomics and pursue your career in private sector. I will assume that you have no prior knowledge of Economics. Therefore, this course will have less emphasis on mathematical modeling and concentrated on real world applications.

In particular, my task is to teach you to read reports about macroeconomic activity and understand them. In the course you will gain some understanding of accounting and elementary Corporate Finance.

6.2 Course Outline

- Introduction
- Principles of Macroeconomics (ch. 1 of FB)
- Supply and demand. (ch. 3 of FB)

- Macroeconomic data and issues
  - Spending, Income, and GDP (ch. 4 of FB)
  - Real and Nominal. Inflation and the Price Level (ch. 5 of FB)

- Financial system
  - Flow of funds (ch. 8 of FB)
  - Stability of Financial System (ch. 9 of FB)
  - Financial Crisis of 2007-...

- Short-term Fluctuations and Stabilization Policy
  - Wages and Unemployment (ch. 4 of FB)
  - Spending and Output in The Short Run (ch. 11)
  - Role of the Federal Reserve and elements of IS-LM model (ch. 12 of FB)

- International Economy
  - Exchange Rates and the Open Economy (ch. 15)
  - European Monetary Union
7 How to access your Connect plus page

- Go to the web page
  http://connect.mcgraw-hill.com/class/m_dmitriev_fall_2011_mw_300

- Push ”REGISTER NOW” button

- Follow on screen instructions

8 Payment

- You can purchase access online

- You can order it from the bookstore (You have to let me know and it will be more expensive than online, we will have special order)

- You can use ”Connect” for 3 weeks for free