

BOSTON COLLEGE
Department of Economics

Principles of Macroeconomics
EC 132-05/06
Spring 2000

Soner Tunay
Carney 142
e-mail: tunay@bc.edu

This is an introductory course in Macroeconomics. The objective of this course is to introduce the fundamentals of Macroeconomics and provide a flavor of policy analysis as well. Topics include economic growth, business cycles, unemployment, inflation, and national income accounting, fiscal and monetary policy.

Office Hours: Wednesday and Friday 10-11 AM.

Texts: Macroeconomics, Samuelson and Nordhaus, McGraw Hill, 16th edition.
Study Guide, Samuelson and Nordhaus.
Obelix and Co., Gosciny and Uderzo, Dargoud Publishing International, Ltd.

Meeting location and time: Campion 010 Sec 05: M W F 11/ Sec 06: M W F 12

Course requirements:

Quizzes (20%) A number of quizzes, as frequent as every week.
Mid-term exams (20% each) 1st on March 1st, Wed. and 2nd. on April 12th, Wed.
Final exam (30%) Announced by the registrar
Homework and class participation (10%)

All exams must be taken. Absolutely no make-up exams will be given.

Course organization and expectations: There are no formal prerequisites for this class. However, it is important that you have the knowledge of supply and demand (Chapters 1-3 in the textbook). Also high school algebra is essential.

Problem sets will be mostly out of your textbook. Study Guide is an excellent source for additional questions. Types of questions (both multiple choice and problem) in the Study Guide are good representatives of the exam questions.

In addition to the study guide questions, I will bring daily economic news into the class, and often use them as homework assignments. Therefore, you are encouraged to stay up-to-date by following media such as Economist and Wall Street Journal.

You may work as a group for the problem sets, so long as everybody contributes to the solution equally.

I will answer the problem set questions and other interesting questions from the study guide in the class. You are of course, encouraged to ask questions and raise topics of your interest in the class.

You can find course handouts my web site at www2.bc.edu/~tunay, as well as other learning sources.

COURSE OUTLINE

- I. INTRODUCTION (Ch. 4)**
 - A. Key Concepts of Macroeconomics
 - B. Aggregate Supply and Demand

- II. MEASURING ECONOMIC ACTIVITY (Ch. 5)**
 - A. Gross Domestic Product
 - B. Price Indexes and Inflation

- III. CONSUMPTION AND INVESTMENT (Ch. 6)**
 - A. Consumption and Saving
 - Consumption, Income and Saving
 - National Consumption Behavior
 - B. Investment
 - Determinants of Investment
 - The Investment Demand Curve

- IV. BUSINESS CYCLE AND THE THEORY OF AGGREGATE DEMAND (Ch. 7)**
 - A. Business Cycles
 - Business Cycle Theories
 - B. Modeling Macroeconomy: New Classical and New Keynesian Approach
 - C. Foundations of Aggregate Demand
 - Relative Importance of Factors Influencing Demand

- V. MULTIPLIER MODEL (Ch. 8)**
 - A. The Basic Multiplier
 - Output Determination with Saving and Investment
 - Output Determination with Consumption and Investment
 - The Multiplier
 - Fiscal Policy in the Multiplier Model
 - Fiscal Policy Multipliers

- VI. MONEY AND CENTRAL BANKING (Ch. 9)**
 - A. Money and Interest Rates
 - Interest Rates: Price of Money
 - The Demand for Money
 - B. Banking and the Money Supply
 - The Process of Money Creation
 - A Tour of Wall Street

- VII. MONETARY POLICY (Ch. 10)**
 - A. Central Banking and the Federal Reserve System
 - B. The Effects of Money on Output and Prices
 - The Monetary Transmission Mechanism
 - The Money Market

- VIII. OPEN-ECONOMY MACROECONOMICS (Ch. 15)—if time permits**