

BOSTON COLLEGE

Department of Economics

Principles of Macroeconomics
EC 132.16 (TTH 1.30)
Spring 2000

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I. Course Objective

The objective of this course is to learn the fundamentals of Macroeconomics. This branch of economics focuses on the aggregate behavior of the national economy. The concepts to be studied include, but are not confined to, economic growth, unemployment, inflation, national income accounting, fiscal policy, monetary policy, the balance of trade, and international finance. The fundamental ideas will be illustrated by discussing current economic issues whenever possible. Particular attention will be paid to the role of the government in shaping the economy and the U.S. economy in an international context.

II. Required Text

Tresch, Richard W., **Principles of Macroeconomics**, South-Western College Publishing (2000). All readings in the syllabus refer to this textbook unless otherwise noted. In order to get the most out of the course, I urge you to keep up with current economic issues. This can most easily be done by getting into the habit of regularly reading publications such as **Business Week**, **The Wall Street Journal** and/or **The Economist**. All these are available in O'Neill library or for subscription at student discount rates. On occasion, I will be discussing articles from these and other popular journals.

III. Course Requirements

There will be two midterm exams and one final exam. The midterms are in-class and will cover material up until the exam. The final exam is cumulative. In addition, a number of problem sets will be distributed throughout the course.

There will be absolutely no make up exams given. Any missed exams require appropriate documentation from the Dean of your school in order to avoid a failing grade. 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.

The problem sets 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 problem sets together. Studying in groups is a valuable experience in and of itself and will enhance your understanding of

the course material. However, **you are required to write up and turn in your own answers.** Problem sets that are simply copied from somebody else in class will receive a score of zero. Problem sets will be handed out one week before they are due. They are due in class. **Absolutely no late problem sets will be accepted** since answers will be made available on the day they are due. Since I realize that unforeseen circumstances can arise, however, I will drop your lowest problem set score from consideration for your problem set grade.

Grades will be determined according to the following formula:

Problems sets	20% of final grade
2 midterms	each 25% of final grade
Final exam (cumulative)	30% of final grade.

For borderline cases, I will consider both class attendance and class participation.

Exam Schedule:

Midterm 1:	February 17
Midterm 2:	April 6
Final:	May 10, 9 a.m.

<u>Problem set schedule:</u>	<u>Handed out</u>	<u>Due date</u>
Problem set 1:	January 27	February 3
Problem set 2:	February 3	February 10
Problem set 3:	February 10	February 17
Problem set 4:	March 2	March 14
Problem set 5:	March 14	March 21
Problem set 6:	March 21	March 28
Problem set 7:	April 11	April 18
Problem set 8:	April 18	April 25
Problem set 9:	April 25	May 2

IV. Miscellaneous

The class meets on Tuesday and Thursday at 1.30 p.m. in Campion 328. Class attendance is extremely important and active participation in class is strongly encouraged. You are always welcome to ask questions or raise issues of interest. This serves to maximize your learning, but also gives me instant feedback and lets me know which concepts are difficult to grasp. 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. Talk to me after class or send e-mail to do so. Note that you are held responsible for all readings, assignments and announcements made in class.

There are no formal prerequisites for this class. However, if you have not taken Principles of Microeconomics, you will have to work harder to understand certain parts and I urge you to read some of the microeconomics chapters of the textbook. Also, even at the principles level, economics has a certain mathematical aspect to it. I will present the essential elements of the mathematical

techniques required 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 Student Learning and Support Center (SLSC), located on the second floor of O'Neill Library, provides free tutoring services.

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.

V. Course Outline and Readings (subject to change as the course progresses)

1. The Macroeconomic Policy Goals (approximately 1 ½ weeks)

Readings: Chapter 2, pp. 31-33
Chapter 3, pp. 38-56
Chapter 4, pp. 77-80
Chapter 6
Chapter 7

2. National Income Accounting (approximately 1 week)

Readings: Chapter 8

3. Modeling the Macroeconomy (approximately 1 week)

Readings: Chapter 9

4. National Income determination, Fiscal Policy, and Business Cycles
(approximately 4 weeks)

Readings: Chapter 10
Chapter 11
Chapter 12
Chapter 13

5. Money and Monetary Policy (approximately 3 weeks)

Readings: Chapter 14
Chapter 15
Chapter 16

6. Fiscal and Monetary Policy and the Macroeconomic Policy Goals (1 week)

Readings: Chapter 17

7. International Economic Issues (1 ½ weeks)

Readings: Chapter 20
Chapter 21