

BOSTON COLLEGE
Department of Economics

EC 132.01
Principles of Economics--Macro

Richard Tresch
Spring 2001

Required Text: Richard Tresch, Principles of Macroeconomics, custom edition
(referred to below as Tresch)

Course Requirements:

1 hour test (60 points)--Wednesday, March 21
Final examination (90 points)--Friday, May 4, 12:30
Numerous problem sets (optional, but strongly recommended), worth a maximum
of 1/3 grade on the test average

Discussion Leaders: Scott Fontaine, Pavel Nazartsev, Mirco Soffritti,
Xiaomeng Yang

NOTE: I have scheduled **one additional lecture** because of the many
Monday holidays:

Friday, March 30, 3:00, Devlin 008

I. The Distribution of Income, Poverty, and Government Income Support Programs
(1 week)

Tresch, Principles of Microeconomics : Ch. 20 (or on Reserve in O'Neill)

II. Overview of Macroeconomics (2 weeks)

A. The Macroeconomic Policy Goals

Tresch: Ch. 2 (pp. 32-33); Ch. 3 (pp. 37-56) (Review of production
possibilities frontier and long-run economic growth)
Chs. 6, 7 (Long-run growth, full employment, price stability,
and stable international economic relations)

B. National Income Accounting

Tresch: Ch. 8; also review Ch. 4 (pp.75-77) (The circular flow of
economic activity).

C. On Modeling the Economy

Tresch: Ch. 9

Note: If this is your first Economics course, you should read Chs. 1-4 to become
familiar with the language and focus of Economics. Also, read very
carefully Ch. 5 on The Laws of Supply and Demand.

III. The Theory of Income Determination and Macroeconomic Policy (8 weeks)

- A. National Income Determination and Fiscal Policy
Tresch: Chs. 10-12, including all Appendices.
Also: Ch. 23 (pp. 720-728), and Ch. 24 (pp. 734-746), for background information on U.S. government expenditures and taxes.
- B. Business Cycles
Tresch: Ch. 13
- C. The Role of Money in the Economy and Monetary Policy
Tresch: Chs. 14-16; Appendix to Ch. 15 is optional
- D. Synthesis of Fiscal and Monetary Policy
Tresch: Ch. 17; Also the CASE following Ch. 17
- E.. Controlling Inflation and Other Policy Issues
Tresch: Chs. 19

IV. International Trade and Finance (2 weeks)

- A. International Trade and Trade Restrictions
Tresch: Ch. 20; the Case on pp. 92 and 93 (optional)
- B. International Finance: The Balance of Payments and Exchange Rates
Tresch: Ch. 21