

**BOSTON COLLEGE**  
Department of Economics

EC132.01 - Spring 1996  
Principles of Macroeconomics

Catherine G. Schneider  
Carney 144, Ext. 3786

Class Meetings: MWF, 10:00 in Devlin 008, plus a discussion section  
Office Hours: T, 9:00-11:30; W, 1:00 - 2:30; and by appointment

This course is a required course for A&S students majoring in economics and all CSOM students and also fulfills the Social Science CORE requirement. As such, its purpose is to introduce students to methods of economic analysis and to provide a survey of a variety of economic issues. There are no prerequisites other than a working knowledge of high school algebra.

You are responsible for the material covered in lectures and the required reading listed on the attached pages. Additional "current events" material will be assigned as it becomes available. The text, *Principles of Economics*, by Richard Tresch, is available in the university bookstore and is noted as "T" on the syllabus. The news articles in the "EC132 - Current Events" folders will be on reserve at O'Neill.

A number of problem sets will be assigned during the semester. The dates on which they will be distributed and on which they will be due are listed on an attached page. If you are not in class on the relevant days, you should arrange for someone to pick up the questions or turn in your homework for you. Homework that is turned in late will be penalized, and homework will not be accepted once the discussion sections for that week have begun. Your teaching assistant will grade the homework and return it in your discussion section. You are permitted to work in groups on problem sets. If you chose to do so, do not simply copy answers from someone else - that defeats the purpose of the problems, which is to help you learn how to analyze economic issues.

Course grades will be based on two mid-term exams, a comprehensive final exam, and the homework, as follows:

mid-terms - 25% each  
final - 40%  
homework - 10%

Your work on exams is, of course, to be completely your own. Please read carefully the attached statement of the University's policy on academic integrity.

If you are unable to take an exam or to attend class for a prolonged period, please notify me as soon as possible. Make-up exams will be given only for excused absences; verification of the excuse may be required. Please read the attached statement on class attendance from the Deans' Office.

## SYLLABUS

### I. FUNDAMENTAL CONCEPTS

Jan. 17	Introduction to Macroeconomics	
Jan. 19	Economic Growth	T, Ch. 3 (pp. 49-57), Ch. 25 (pp. 700-706)
Jan. 22	Full Employment	T, Ch. 25 (pp. 706-726); Current Events #1
Jan. 24	Price Indices	T, Ch. 26 (pp. 732-741); Current Events #2
Jan. 26	Costs of Inflation	T, Ch. 26 (pp. 741-752)
Jan. 29	Balance of Trade	T, Ch. 26 (pp. 752-759); Current Events #3
Jan. 31	National Income and Product Accounts	T, Ch. 27 (pp. 764-778); Current Events #4
Feb. 2	NIPA, cont'd	T, Ch. 27 (pp. 778-792)

### II. MACROECONOMIC MODELS

Feb. 5	New Classical Model	T, Ch. 28 (pp. 797-812)
Feb. 7	New Keynesian Model	T, Ch. 28 (pp. 812-820)
Feb. 9	Simple Keynesian Model: Consumption	T, Ch. 29 (pp. 830-846)
Feb. 12	Simple Keynesian Model: Investment	T, Ch. 29 (pp. 846-856)
Feb. 14	Equilibrium in Simple Keynesian Model	T, Ch. 29 (pp. 856-863); Appendix to Ch. 29

MIDTERM EXAM: FEB. 16

### III. MORE ON MACROECONOMIC MODELS

Feb. 19	The Spending Multiplier	T, Ch. 30 (pp. 874-886)
Feb. 21	Fiscal Policy in a Simple Model	T, Ch. 30 (pp. 886-896)
Feb. 23	Fiscal Policy, cont'd	T, Ch. 30 (pp. 896-906)
Feb. 26	Automatic Stabilizers	T, Ch. 31 (pp. 916-922)
Feb. 28	Automatic Stabilizers, cont'd	T, Ch. 31 (pp. 923-932)
Mar. 1	Budget Deficits	T, Ch. 31 (pp. 933-944); Current Events #5
Mar. 11	Business Cycles	T, Ch. 32 (pp. 954-965)
Mar. 13	Real Business Cycle Theory	T, Ch. 32 (pp. 965-976)

### IV. MONEY AND MONETARY POLICY

Mar. 15	Nature of Money	T, Ch. 33 (pp. 984-997); Current Events #6
Mar. 18	Money Creation	T, Ch. 33 (pp. 997-1006)
Mar. 20	Federal Reserve System	T, Ch. 34 (pp. 1010-1020)
Mar. 22	The Money Multiplier	T, Ch. 34 (pp. 1020-1029)
Mar. 25	Effects of Monetary Policy	T, Ch. 35 (pp. 1038-1053)
Mar. 27	U.S. Monetary Policy	T, Ch. 35 (pp. 1054-1069) Current Events #7

MIDTERM EXAM: MAR. 29

## V. MACRO MODELS ONCE AGAIN

Apr. 1	Fiscal Policy and Interest Rates	T, Ch. 36 (pp. 1074-1087)
Apr. 3	Aggregate Demand Management	T, Ch. 36 (pp. 1087-1098)
Apr. 10	The Role of Prices in the Macro Economy	T, Ch. 37 (pp. 1106-1113)
Apr. 12	Role of Prices, cont'd	T, Ch. 37 (pp. 1113-1132)
Apr. 17	Inflation	T, Ch. 38 (pp. 1138-1147)
Apr. 19	Inflation, cont'd	T, Ch. 38 (pp. 1147-1158)
Apr. 22	Aggregate Supply Management	T, Ch. 38 (pp. 1158-1166)

## VI. INTERNATIONAL TRADE AND FINANCE

Apr. 24	Patterns of International Trade	T, Ch. 39 (pp. 1176-1195)
Apr. 26	Balance of Payments	T, Ch. 40 (pp. 1208-1215)
Apr. 29	Exchange Rates	T, Ch. 40 (pp. 1215-1233)

## VII. CONCLUSION

May 1	Macroeconomics in Perspective	Current Events #8
-------	-------------------------------	-------------------

FINAL EXAM: MAY 11