

BOSTON COLLEGE
Department of Economics

EC 132.02
Principles of Economics--Macro

Richard Tresch
Spring 1996

Carney 131
X3671

Required Text: Richard Tresch, Principles of Economics, 1st edition
(referred to below as Tresch)

Course Requirements:

1 hour test (50 points)--Thursdsday, March 21
Final examination (75 points)--Friday, May 10, 9:00
Numerous problem sets (optional, but strongly recommended), worth a maximum
of 1/3 grade on the test average

I. Overview of Macroeconomics (3 and 1/2 weeks)

- A. The Macroeconomic Policy Goals
Tresch: Ch. 2 (pp. 32-33); Ch. 3 (pp. 37-57) (Review of production possibilities frontier and long-run economic growth)
Chs. 25, 26 (Long-run growth, full employment, price stability, and stable international economic relations)
- B. National Income Accounting
Tresch: Ch. 27; also review Ch. 4 (pp.77-80) (The circular flow of economic activity).
- C. On Modeling the Economy
Tresch: Ch. 28

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

- A. National Income Determination and Fiscal Policy
Tresch: Chs. 29-31, including all Appendices.
Also: Ch. 23 (pp. 657-662), and Ch. 24 (pp. 668-680), for background information on U.S. government expenditures and taxes.
- B. Business Cycles
Tresch: Ch. 32
- C. The Role of Money in the Economy and Monetary Policy
Tresch: Chs. 33-35; Appendix to Ch. 34 is optional
- D. Synthesis of Fiscal and Monetary Policy
Tresch: Ch. 36
- E.. Controlling Inflation and Other Policy Issues
Tresch: Chs. 37-38

III. International Trade and Finance (2 weeks)

- A. International Trade and Trade Restrictions
Tresch: Ch. 39
- B. International Finance: The Balance of Payments and Exchange Rates
Tresch: Ch. 40