

BOSTON COLLEGE  
Department of Economics

Ec 132.03  
Principles of Economics-Macro  
Spring, 1996

Harold Petersen  
McGuinn 518, 552-4550  
Office Hrs. M 2, W 1, Th 3

Text: Tresch, Richard W. Principles of Macroeconomics, 1994 (paperback)  
or, Tresch, Richard W. Principles of Economics, 1994 (hardcover)  
Plus outside readings to be assigned.

Course Requirements: 2 midterm exams (30% each), on **Feb. 13** and **March 26**  
a final exam (40%), on **May 7**, at **12:30 p.m.**  
numerous problem sets (optional, but strongly recommended)  
used as additional evidence for up to one notch on your  
final grade (C to C+, B- to B, etc.)

Course Organization and Expectations:

The course meets for two lectures per week (Tuesdays and Thursdays from 1:30 to 2:45) and on most weeks for a problem-discussion section as well. Be sure to sign up for a discussion section by Tuesday, January 23. Problem sets will be handed out in class by one week before they are due and are to be turned in on the day due either just prior to class or during the five-minute break in the middle of class. Your teaching assistant will return the problem sets in the discussion sessions, will go over troublesome parts, and will respond to questions you may have on either the problem sets or material presented in the lectures or the text. Time permitting, your T.A. will expand on topics from the text not covered in the lectures.

You are expected to read the text carefully, attend all classes, work through the problem sets, and to come with questions to your discussion sessions. You may work together on the problem sets--indeed you are encouraged to do so--but you are not to simply copy the work from someone else. You are to work through your own answers before turning them in.

Your work on exams is to be entirely your own. Be sure you are familiar with the section on "Academic Honesty" in the undergraduate catalog (p. 18, or "Academic Integrity," p. 143) and be aware that your instructor and your T.A. take this most seriously.

There will be no make-up exams. If you miss an exam for good reason, let me know immediately and you will be graded on the other exam and the final. If you do poorly on one mid-term but consistently well on the other one and the final, the one poor exam will be discounted (but not completely ignored).

I want you to follow current press reports on output, growth, unemployment, inflation, interest rates, Federal Reserve policy, the budget deficit, the trade deficit, fluctuations in foreign exchange rates, and other issues of macroeconomic policy. Raise questions in class and approach me after class. The course will be much more meaningful if we follow current policy issues and then look at them in terms of the analytical apparatus developed throughout the course.

Finally, I am assuming that all of you have had a course in Principles of Economics-Micro. If you have not had this course, you will need to spend some time on material in Part I of your text. By very early in the course you will need to know the concepts of the production-possibility frontier and micro supply and demand curves.

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### Syllabus

<u>Date</u>		<u>Topics</u>	<u>Text Assignment</u>	
			Paperback	Hardcover
Jan.	16	Introduction to Macroeconomics	Chs. 6, 7	Chs. 25, 26
	18	Measuring Income and Output	Ch. 8	Ch. 27
	23	Modeling the National Economy	Ch. 9	Ch. 28
	25	Aggregate Supply and Demand	Ch. 18 (546-62)	Ch. 37
(1106-22)				
	30	Saving, Consumption, and Investment	Ch. 10	Ch. 29
Feb.	1	The Keynesian Multiplier Model	Ch. 10	Ch. 29
	6	Fiscal Policy	Ch. 11	Ch. 30
	8	International Trade & the Multiplier Model	Ch. 12 (356-72)	Ch. 31(916-32)
	13	EXAMINATION		
	15	Business Cycles	Ch. 13	Ch. 32
	20	Money: Origins of and Demand for Money	Ch. 14	Ch. 33
	22	Banking and the Supply of Money	Ch. 14	Ch. 33
	27	Central Banking and Federal Reserve Policy	Ch. 15	Ch. 34
	29	Monetary Policy: Impact on Prices and Output	Ch. 16	Ch. 35
March	12	Unemployment: Measurement and Cost	Ch. 6 (147-66)	Ch. 25 (707-26)
	14	Inflation: Measurement and Cost	Ch. 7 (172-92)	Ch. 26 (732-52)
	19	Sources and Kinds of Inflation	Ch. 19	Ch. 38
	21	The Phillips Curve and Inflation	Ch. 19	Ch. 38
	26	EXAMINATION		
	28	Fiscal Policy and the Budget Deficit	Ch. 12 (373-84)	Ch. 31
(933-44)				
April	2	Deficit Spending in an Open Economy		
	9	The Debt Ratio and The Debt Trap		
	11	Coordinating Fiscal and Monetary Policy	Ch. 17	Ch. 36
	16	Monetarism and Velocity		
	18	Rational Expectations and Economic Policy		

	23	International Finance and Exchange Rates	Ch. 21	Ch. 40
	25	Long-Run Economic Growth	Ch. 6	Ch. 25
	30	Summary and Review		
May	7	FINAL EXAMINATION (12:30 p.m.)		