

**BOSTON COLLEGE**  
Department of Economics

EC 132.01 M/W Lecture  
Principles of Economics--Macro

Richard Tresch  
Spring 1997

Carney 131  
X3671

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

Course Requirements:

1 hour test (60 points)--Wednesday, March 19  
Final examination (90 points)--Thursday, May 8, 12:30  
Numerous problem sets (optional, but strongly recommended), worth a maximum  
of 1/3 grade on the test average

Discussion Leaders: Oriana Bandiera, Andrew Chen, Mustafa Caglayan, Emanuela  
Galasso, Sasha Kalenik, Kamer Karakurum, Ian Mead, Ece Yolas

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