

## **BOSTON COLLEGE**

Department of Economics

EC 202.03 (MWF 2)

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### **I. OBJECTIVES OF THE COURSE**

In this course, we will study issues of importance to an economy as a whole, such as Economic Growth, Unemployment, Inflation, and Exchange rates. More specifically, we want to be able to understand the forces that affect such variables, both in terms of **short term fluctuations**, and in terms of **Long term trends**. Along the way, we will always search for economic policies (if any) that may produce "desirable" economic outcomes.

### **II. PREREQUISITES**

This is a course in **theory**, and therefore we seek to build models of the macroeconomy.

This requires three things, which I will **assume** the student possesses.

1. A sound understanding of the principles of Macroeconomics

**(You must have taken (and recall!) EC 132 or equivalent)**

2. A sound understanding of simple models of Supply and Demand

**(You must be taking EC 131 (or EC 201), at least concurrently)**

3a. **Fluency** with **all** the concepts of Pre-Calculus (**Graphs, slopes, limits, tangents, functions, and the algebra of solving "n" equations in "n" unknowns**).

b. Knowledge of the **basic elements of differential calculus**

is extremely useful (**taking derivatives of functions, understanding the derivative as a slope of a function, maximising and minimising a function**).

**Important:** Without 1, 2, and 3a, you will not find the course easily manageable. If you have 3b, the going will be smoother.

### **TEXTBOOK**

"Macroeconomics" by N. Gregory Mankiw (1997, third edition), Worth Publishers.

The accompanying Student Guide and workbook is very useful and is highly recommended.

### III . Course Grades

<u>Item</u>	<u>Dates</u>	<u>% of Grade</u>
Best 3 of 4 Hour exams	Feb 4, 25, Mar 25, Apr 22	20%
	All exams at 6 p.m. Room TBA	
Final Exam ( <u>Comprehensive</u> )	May 7 (Thursday) 12:30 p.m.	40%

- In addition, several problem sets will be assigned over the course of the semester. You do not need to turn these in, **but you must be able to solve these problem sets to obtain a passing grade on the tests and the final. I will hand out solutions to the problem set within one week of giving you the problem sets.**

### IV . Course Logistics (Letter and Spirit)

- The final exam is comprehensive and required. Absence from the final will result in a failing grade.

- **There will be absolutely NO make up tests in this course.** Any missed test will be entered as a **zero, and will be treated as your lowest score.** In the event of an emergency or extenuating circumstances, **documentation from the Dean of your school and a Doctor are required.** In such cases, the average test grade will replace the missed test.

-If school is canceled on the day of any exam (test or final) due to inclement weather or any other emergency, the exam will be administered at 6 p.m. on the next day of classes.

- Since the dates of the exams are known to you well in advance, please make any travel arrangements accordingly. **SPRING BREAK REVELERS, EASTER TRAVELERS,PATRIOTS DAY OBSERVERS, PLEASE NOTE!**

- **ACADEMIC INTEGRITY : No form of cheating on an exam will be tolerated.**

**The minimum action is an automatic failing grade on the exam or quiz in question.**

Please refer to the page on Academic Integrity taken from the BC student handbook. These principles should guide you not only in this course, but throughout your studies.

**V . Course plan (may change as semester progresses)**

This plan is rather ambitious, but as Shakespeare says,

**" Ambition should be made of sterner stuff"**

### **Basics**

1/12 Introduction - **Read Chapters 1, 2 on your own**

### **The Macroeconomy in the Long Run**

1/14, 1/16, 1/21 Ch 3 (National Income)

1/23, 1/26, 1/28 Ch 7 (Open economies in the long run)

1/30, 2/2, 2/4, 2/6 Ch 4 (Economic Growth)

### **2/4 (6 p.m.) Exam #1**

2/9, 2/11 Ch 5 (Unemployment)

2/13, 2/16, 2/18 Ch 6 (Money and Inflation)

### **Short run fluctuations in the Macroeconomy**

2/20, 2/23 Ch 8 (Introduction to Fluctuations)

2/25, 2/27, 3/9 Ch 9 (Aggregate Demand I)

### **2/25 (6 p.m.) Exam #2**

**SPRING BREAK (HURRAH!)**

3/11, 3/13, 3/16, 3/18 Ch 10 (Aggregate Demand II)

3/20, 3/23, 3/25 Ch 11 (Aggregate Demand in open economies)

### **3/25 (6 p.m.) Exam #3**

3/27, 3/30, 4/1, 4/3      Ch 12 (Aggregate Supply)  
4/6, 4/8, 4/15, 4/17      Ch 13 (Policy Debates)  
4/22, 4/24, 4/27, 4/29      Ch 14 (New Developments in Short Run Analysis)

**4/22 (6 p.m.) Exam #4**

**5/7 (12:30 p.m.) Final Exam**