

BOSTON COLLEGE
Department of Economics

EC 132.10
Principles of Economics (Macro)
Spring 1999

Instructor: Metin Celebi
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Class Time and Room: M-W-F 2, Fulton 423
Office Hours: W-F 11:00-12:00, or by appointment

Text: (required) Tresch, R. W., "Principles of Economics", West Publishing Company, 1994

| <u>Course Requirements:</u> | <u>% of grade</u> |
|-----------------------------|-------------------|
| Midterm Exam | 35 |
| Final Exam | 35 |
| Problem Sets | 10 |
| Quizzes (2) | 20 |

Course Organization and Expectations:

- You are held responsible for all readings, assignments, and announcements made in class.
- There will be some problem sets (approximately every other week) over the course of the semester. Problem sets will be handed out in class by one week before they are due, and they must be turned in on the due date prior to class. They are designed to help you understand the material, and practice for the exams. One question will be randomly chosen from that week's problem set, and only that question will be graded. You are encouraged to work together on the problem sets, but you must submit your own answers. My answers to problems will be made available.
- There will be no make-up exams. If you miss an exam for good reason, let me know immediately. Otherwise, any missed exam will be scored a zero unless you notify me ahead of time and I give my consent for you to miss it. Consent for a make-up exam will be given at my discretion, and in very exceptional cases only. Personal illness will require a note from the health center. If you do poorly on one exam, but consistently well on the other assignments, the one poor exam may be discounted dependent on your class participation.
- The final exam is comprehensive and required.
- Class attendance is required, and attendance falling below 75% of the number of classes will result in cutting one notch off your final grade (ex. from C+ to C, or from A to A-).
- I expect you to read the assigned text carefully, and to attend all classes. I recommend regularly reading the text, and reviewing your notes on a weekly if not daily basis.
- Active class participation is strongly encouraged and required by the university.
- There are no formal prerequisites for this class. However, certain mathematical skills up to and including high school algebra are essential. The most important skill is how to read and understand graphs.

Academic Integrity: Please be advised that cheating on any exam or quiz will not be tolerated, and will result in an automatic failing grade on the exam or quiz in question. This will be the minimum action taken.

Course Outline:

1. Introduction: review of some fundamental concepts (2 weeks)

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| A. Economic Problem, Opportunity Costs, Economic Exchange | Ch. 1 |
| B. Efficiency, Equity, Modeling, Margin | Ch. 2 (pp. 18-19) |
| C. Microeconomics vs Macroeconomics | Ch. 2 (pp. 31-33) |
| D. Production Possibilities Frontier, and LR Economic Growth | Ch. 3 (pp. 38-57) |
| E. The Circular Flow of Economic Activity | Ch. 4 (pp. 77-80) |
| F. The Laws of Supply and Demand | Ch. 5, 6, 7 |

2. Overview of Macroeconomics (4 weeks)

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| A. The Macroeconomic Policy Goals | |
| 1. LR Economic Growth | Ch. 25 (pp. 700-706) |
| 2. Full employment | Ch. 25 (pp. 706-726) |
| 3. Price Stability | Ch. 26 (pp. 732-752) |
| 4. Stable International Economic Relations | Ch. 26 (pp. 752-759) |
| B. National Income Accounting | Ch. 27 |
| C. Modeling the Macro Economy | Ch. 28 |

3. The Theory of Income Determination and Macroeconomic Policy (7 weeks)

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| A. National Income Determination and Fiscal Policy | |
| 1. National Income Determination | Ch. 29 |
| 2. The Spending Multiplier and Fiscal Policy | Ch. 30 |
| 3. Automatic Stabilizers, Net Exports, and Budget Deficits | Ch. 31 |
| B. Business Cycles (may not be covered) | Ch. 32 |
| C. Money, Banking, and Monetary Policy | |
| 1. Principles of Money and Banking | Ch. 33 |
| 2. The Monetary System of the United States | Ch. 34 |
| 3. Monetary Policy | Ch. 35 |
| D. Fiscal and Monetary Policy Combinations | Ch. 36 |
| E. The Role of Prices and the Problem of Inflation | |
| 1. Aggregate Supply and Aggregate Demand | Ch. 37 |
| 2. Controlling Inflation and Other Policy Issues | Ch. 38 |

4. The Open Economy (may not be covered)

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