

BOSTON COLLEGE
Department of Economics

Ec 132.02
Principles of Economics-Macro
Spring, 2003
Devlin 008, T, Th, 1:30

Harold Petersen
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Text: Samuelson, Paul A. and Nordhaus, William D. Economics, 17th ed., 2001 (hardcover),
or Macroeconomics, 17th ed. 2001 (paperback).
Plus outside readings to be assigned.

Course Requirements: 2 midterm exams (30% each), on **Feb. 11** and **March 25**
a final exam (40%), on **May 8**, 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 Thursday, January 16. 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 sections on "Academic Integrity" in the Boston College Catalog (pp. 30-32) 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 (my phone has voice mail in the event I am not in) 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, tax cut proposals, the trade deficit, fluctuations in foreign exchange rates, and other issues of macroeconomic policy. Raise questions in class and approach me after class. Explore the internet for good sources on the state of the economy. Your text lists a number of good web sites on economic issues.

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 (text, ch. 1 C) and micro supply and demand curves (text, ch. 3).

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Syllabus

| <u>Date</u> | <u>Topics</u> | <u>Text Assignment</u> | | |
|-------------|---------------|--|---------------|--------------|
| | | Hardcover | Paperback | |
| Jan. | 14 | Introduction to Macroeconomics | Ch. 20 A | Ch. 4 A |
| | 16 | Measuring Income and Output | Ch. 21 | Ch. 5 |
| | 21 | Aggregate Supply and Demand | Ch. 20 B, 33A | Ch. 4 B, 17A |
| | 23 | Consumption, Saving, and Investment | Ch. 22 | Ch. 6 |
| | 28 | The Keynesian Multiplier Model | Ch. 24 A | Ch. 8 A |
| | 30 | Fiscal Policy | Ch. 24 B | Ch. 8 B |
| Feb. | 4 | The Open Economy: Exports and Imports | Ch. 30 A | Ch. 14 A |
| | 6 | Aggregate Demand vs. the Micro Demand Curve | Ch. 23B | Ch. 7 B |
| | 11 | Exam | | |
| | 13 | Money: Origins of and Demand for Money | Ch. 25 A | Ch. 9 A |
| | 18 | Banking and the Supply of Money | Ch. 25 B | Ch. 9 B |
| | 20 | Central Banking and Federal Reserve Policy | Ch. 26 A | Ch. 10 A |
| | 25 | Monetary Policy: Impact on Prices and Output | Ch. 26 B | Ch. 10 B |
| March | 27 | Business Cycles | Ch. 23 A | Ch. 7 A |
| | 11 | Unemployment: Measurement and Cost | Ch. 31 B | Ch. 15 B |
| | 13 | Inflation: Measurement and Cost | Ch. 32 A | Ch. 16 A |
| | 18 | Sources and Kinds of Inflation | Ch. 32 B | Ch. 16 B |
| | 20 | The Phillips Curve and Inflation | Ch. 32 C | Ch. 16 C |
| | 25 | Exam | | |
| | 27 | Fiscal Policy, Deficits, and the Public Debt | Ch. 34A | Ch. 18 A |
| April | 1 | Deficit Spending in an Open Economy | Ch. 34B | Ch. 18 B |
| | 3 | Economic Growth and Aggregate Supply | Ch. 31 A, 27 | Ch. 15 A, 11 |
| | 8 | Monetarism and Rational Expectations | Ch. 33 B, C | Ch. 17, B,C |
| | 10 | The Stock Market and Economic Activity | Ch. 25 C | Ch. 9 C |
| | 15 | International Finance and Exchange Rates | Ch. 29 B | Ch. 13 B |
| | 22 | Economic Crises and the Int'l Monetary Fund | Ch. 29 C | Ch. 13 C |
| | 24 | Policies for Growth and Stability | Ch. 32 C | Ch. 16 C |
| May | 29 | Summary and Review | | |
| | 8 | Final Exam (12:30 p.m.) | | |