

BOSTON COLLEGE
Department of Economics

EC 132.03/ EC132.04

PRINCIPLES OF ECONOMICS - MACRO

Fall, 2009

Instructor: Shoghik Hovhannisyan
Office: 21 Campanella Way, 462-I
Contact: hovhanns@bc.edu or phone 617-552-6134
Office Hours: Friday 11:00 am - 1:00 pm or by appointment

Class Meetings: 132.03: MW 3:00 pm, Carney Hall 104
132.04: MW 4:30 pm, Carney Hall 104

Textbook: The required textbook is Samuelson, Paul A. and Nordhaus, William D. Economics, 19th ed., 2010. In addition, outside readings to be assigned.

COURSE DESCRIPTION

This course is designed to meet a number of needs. It is required for the economics major and of CSOM students, it is one of the choices to fulfill the social sciences CORE requirement, and it serves as an elective to anyone who wants an introduction to macroeconomics. It introduces the basic tools of macroeconomic analysis and applies these tools to problems both of historical interest and of current public policy. It explores the development of macroeconomics through the work of Keynes and post-Keynesian critics. Finally it looks at how we bring together what we learn from economics with what we learn from other fields.

COURSE REQUIREMENTS

- Two midterm exams (30% each), on October 7 and November 11
- A final exam (40%):
 - 132.03: on December 14, at 9:00 am
 - 132.04: TBA
- Numerous problem sets (optional, but strongly recommended)

COURSE ORGANIZATION AND EXPECTATIONS

Readings, Problem Sets and Attendance

You are expected to read the text carefully, work through the Problem Sets and attend all classes. If you have not had Principles of Economics-Micro, 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). I want you to follow current press reports on output, growth, unemployment, inflation, interest rates, Federal Reserve policy, the financial crisis, and most particularly proposals for dealing with the current recession. 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 websites on economic issues.

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 just prior class. You may work together on the Problem Sets but you are not to simply copy the work from someone else. You are to work through your own answers before turning them in. The Problem Sets will be used as an additional evidence for up to one notch on your grade (B to B+, etc.) If you turn in at least five out of six and they are much better than your exam scores, then they will raise your grade by one notch. If they are about the same as your exam scores, then if you are on the borderline they will move you up.

Finally, in class I expect you to behave appropriately. This means that: (i) you should arrive in class on time; (ii) you should avoid the use of cellular phones, pagers, laptops etc; (iii) more generally you should avoid any behavior that could disturb me and your classmates, thus compromising an effective learning environment.

Exams

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 or online at <http://www.bc.edu/integrity>. Be aware that your instructor takes this most seriously.

There will be no make-up exams. If you miss an exam for a 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 hurt you at most one notch. (If you have a D on one midterm, for example, but A- on the other and on the final, your grade would be a B+.)

Midterm Exams: The midterm exams will be held during our regular class meeting times. These midterm exams will not be cumulative, that is, each midterm will only cover material presented since the previous exam.

Final Exam: The final exam will be held during the final examination period, according to the University's official final exam schedule. The final exam will be cumulative, that is, it will cover material from the entire semester.

COURSE OUTLINE

Date		Topics	Text Assignment
September	9	Introduction to Macroeconomics	Ch. 19 A
	14	Measuring Income and Output	Ch. 20
	16	Aggregate Supply and Demand	Ch. 19 B
	21	Consumption, Savings and Investment	Ch. 21
	23	The Keynesian Multiplier Model	Ch. 22 C
	28	Fiscal Policy	Ch. 22 D
	30	The Open Economy: Exports and Imports	Ch. 28 A
October	5	Business Cycles and Aggregate Demand	Ch. 22 A, B
	7	Midterm Exam 1	
	12	Columbus Day - No Classes	
	14	The Modern Financial System and Money	Ch. 23 A, B
	19	Discussion of Midterm Exam 1	
	21	Banking and the Supply of Money	Ch. 23 C
	26	Central Banking and Federal Reserve System	Ch. 24 A
	28	Monetary Transmission Mechanism	Ch. 24 B
November	2	Unemployment: Measurement and Costs	Ch. 29 B
	4	Inflation: Measurement and Costs	Ch. 30 A
	9	Inflation Theories	Ch. 30 B, C
	11	Midterm Exam 2	
	16	Discussion of Midterm Exam 2	
	18	Productivity and Growth of Real Wages	
	23	Fiscal Policy, Deficits and the Public Debt	Ch. 31 A, Ch. 28 B, C
	25	Thanksgiving Holidays - No Classes	
	30	Economic Growth and Aggregate Supply	Ch. 29 A, Ch. 25
December	2	Monetarism and Rational Expectations	Ch. 24 C, Ch. 31 B
	7	Asset Bubbles and Macroeconomic Policy	Ch. 23 D
	9	Exchange Rates and International Monetary Institutions	Ch. 27 B, C
		Final Exam	