

BOSTON COLLEGE
Department of Economics

EC132.01 - Spring 2002
Principles of Macroeconomics

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Class Meetings: MWF, 12:00 in Devlin 008, plus a discussion section
Office Hours: M, 1:00 – 2:30; T, 9:30-11:30; Th, 1:00 - 2:30; and by appointment
Teaching Assistants: Mr. Juan Casas, Mr. Shihe Fu, Ms. Asli Leblebicioglu,
Mr. Andrew Samuel

This course is a required course for A&S students majoring in economics and all CSOM students and also fulfills the Social Science CORE requirement. As such, its purpose is to introduce students to methods of economic analysis and to provide a survey of a variety of economic issues. There are no prerequisites other than a working knowledge of high school algebra. However, students who have not taken EC131 should read the first five chapters of the text, especially Chapter 5, carefully to become familiar with the language and focus of economics.

You are responsible for the material covered in lectures and the required reading listed on the attached pages. Additional "current events" material will be assigned as it becomes available. The text, *Principles of Macroeconomics*, by Richard Tresch, is available in the university bookstore and is noted as "T" on the syllabus. The news articles in the "EC132 - Current Events" folders will be available at the Reserve Desk in O'Neill and on electronic reserves.

A number of problem sets will be assigned during the semester. Completing the problem sets is optional but strongly encouraged. A schedule of dates on which problem sets will be distributed and on which they will be due will be available at the end of the Drop/Add period. Your teaching assistant will grade the homework and return it in your discussion section. You are permitted to work together on problem sets, but you should hand in your own answers; simply copying from someone else defeats the purpose of the problems, which is to help you learn how to analyze economic issues.

Course grades will be based primarily on two mid-term exams and a comprehensive final exam. Mid-terms will count 25% each, and the final will count for 50% of the grade; however, extra credit points will be added to the weighted average for successful completion of the problem sets. If you are unable to take an exam, you are expected to notify me immediately and verification of the excuse will be required. Make-up mid-term exams will be given only in extremely limited cases; in general, the weight of a mid-term from which you have been excused will be allocated proportionately between the other mid-term and the final. You must take a final exam; if a make-up exam is warranted, it will be given at the convenience of the professor. Your work on exams is, of course, to be completely your own. All the policies of the College of Arts and Sciences with regard to grading, make-up exams, and academic integrity as stated in *The Boston College Bulletin, 2001 - 2002*, pages 31-32 and 39-40, apply.

SYLLABUS

I. FUNDAMENTAL CONCEPTS

Jan. 14	Introduction to Macroeconomics	
Jan. 16 - 18	Economic Growth; Full Employment	T, Ch. 3 (pp. 42 - 57), Ch. 6
Jan. 23 - 28	Inflation; Value of the Dollar in International Trade	T, Ch. 7
Jan. 30 - Feb. 1	National Income and Product Accounts	T, Ch. 8

II. MACROECONOMIC MODELS

Feb. 4 - 6	Alternative Macro Models	T, Ch. 9
Feb. 8 - 13	Simple Keynesian Model	T, Ch. 10, Appendix to Ch. 10

MIDTERM EXAM: FEB. 15

III. MORE ON MACRO MODELS

Feb. 18 - 22	The Spending Multiplier; Fiscal Policy in a Keynesian Model	T, Ch. 11, Appendix to Ch. 11
Feb. 25 - 27	Automatic Stabilizers; Budget Deficits	T, Ch. 12, Appendix to Ch. 12
Mar. 1 - 11	Business Cycles	T, Ch. 13

IV. MONEY AND MONETARY POLICY

Mar. 13- 15	Nature of Money	T, Ch. 14
Mar. 18 - 20	US Monetary System	T, Ch. 15
Mar. 22 - 25	Monetary Policy in a Keynesian Model	T, Ch. 16

MIDTERM EXAM: MAR. 27

V. MACRO MODELS ONCE AGAIN

Apr. 3 - 5	Pursuing Macroeconomic Policy Goals in a Keynesian Model	T, Ch. 17
Apr. 8 - 10	Aggregate Demand and Supply	T, Ch. 18
Apr. 12 - 19	Agreement Between Keynesian and Classical Models	T, Ch. 19

VI. INTERNATIONAL TRADE AND FINANCE

Apr. 22 - 24	Patterns of International Trade	T, Ch. 20 (pp. 614 – 633)
Apr. 26 - 29	International Finance	T, Ch. 21

FINAL EXAM: MAY 7