

BOSTON COLLEGE
Department of Economics
Principles of Macroeconomics EC132.03 and EC132.04

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Office hours: Wednesday from 11.45 a.m. to 1.30 p.m. (or by appointment)-Carney 033c

Class meets every Monday, Wednesday and Friday

At 9 -10 a.m. – Devlin Hall 010 for EC132.03

At 10 – 11 a.m. – Devlin Hall 010 for EC132.04 .

Text:

- (Required) Mankiw, N. Gregory. *Principles of Economics* (Second Edition), Harcourt College Publishers. Chapters 24-34 (And Chapters 7-9 if time permits).
- (Recommended) Mankiw, N. Gregory. *Study Guide to Accompany Principles of Economics* (Second Edition), Harcourt.

Class web page. <http://www2.bc.edu/~soffritt/Teaching.html>

Course Requirements.

Quiz: 10% of the total grade.

Midterm Exam: 40% of total grade.

Final Exam: 50% of total grade. (Final exam is comprehensive)

Good News!

- The students who get the highest score on the Final Exam will have "A" for the course (regardless of previous performance).
- Some of the questions that will appear in the quiz, midterm and final exam are taken (as they are or with small changes) from your Problem set. To review your problem sets before the tests is a good strategy!

Problem Sets. The three problem sets are optional but strongly recommended for best understanding of the material and sufficient performance in the exams. They will not be collected and will not count for your final grade. An overview of the solution will be made in class about one week before the date of your next test.

COURSE DESCRIPTION

The objective of this course is to introduce you to the fundamental principles of Macroeconomics. The study of the relationship existing between Real Nominal GDP, Production and Growth, GDP and Net Exports, Inflation and Unemployment Rates, etc. is the objective of this course And this is only a short list of what you are expected to deal with. My hope is to help you to understand why for each single agent in the economy (a firm, a household or you) it is important to take into account both “Micro and Macro information”.

There are many questions that might spark your curiosity. Why is the behavior of the American Central Bank so important to predict future inflation and unemployment? Why should we be worried about inflation? How the daily movements of the exchange rate Dollar/Euro can affect our welfare? What makes money such a special commodity? Why do we care about the way the Governments spend the money raised through taxes? Etc. Hopefully, by the end of the semester you will have new tools that will help you to answer these and other questions.

USEFUL INFORMATION

This course has no formal prerequisites (the course of Principles of Microeconomics is not a prerequisite but it helps). At the principle level, sufficient understanding of economics requires knowledge of some **mathematical tools** (although some of them will be covered in class). *Nonetheless, you are recommended to review some basic algebra on your own.* For example, you will be expected to work with fractions and decimals, to solve first order equations, to take the first difference and the rate of growth of a variable, to interpret the slope and intercepts of a straight lines, to understand concepts as ‘shifting of ` and ‘movement along` a curve.

Regular **class attendance** and problem sets are *important* for understanding the material. Students that go over the problem sets usually perform significantly better than students who did not. To achieve a better understanding of the material you are encouraged to **work together**. Solutions to the questions in the problem sets (other than the questions we directly review in class) will be distributed to you after the review section.

Make up exams will not be given. Any missing exams require appropriate documentation from the Dean of your school in order to avoid a failing grade. **Cheating** on quiz or exams will result in an automatic failing grade on the exam (please refer for details to the PDF file on Academic Honesty at <http://www2.bc.edu/~soffritt/Teaching.html> or in the BC student handbook).

TENTATIVE CLASS SCHEDULE

Number of classes.	Dates	Topics	Chapt's of Textbook
15	Jan. 14 th - - Feb. 15 th	<ul style="list-style-type: none"> • Course Presentation & Some Algebra. • The Data of Macroeconomics. • The Real Economy in the Long Run. • Review Session on PS # 1. 	Ch. 22-26
1	Feb. 18 th	Quiz (50 minutes)	--
12	Feb. 20 th – - Mar. 25 th *	<ul style="list-style-type: none"> • Money and Prices in the Long Run. • The Macroeconomics of Open Economy. • Review Session on PS # 2. 	Ch. 27-30
1	March 27 th	Midterm Exam (50 minutes)	--
11	Apr 3 rd - -Apr 29 th *	<ul style="list-style-type: none"> • Short-Run Economic Fluctuations. • Final Thoughts • Review Session on PS # 3. 	Ch. 31-34
--	--	• The Economics of Public Sector ***	Ch. 10-12
--	**	Final Exam (1h. 30 min.)	--

* No classes on March 4th/6th/8th (Spring Break), on March 29th/April 1st (Easter) & on April 15th (Patriots' Day).

** Date of Final Exam will be announced.

*** Material on Chapters 10-11-12 will be covered only if time permits.