

BOSTON COLLEGE

Department of Economics

Principles of Macroeconomics
EC 132.12, Spring 2002
MWF 3, Fulton 425
<http://www2.bc.edu/~papadopn>

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Course Objectives:

The objective of this class is to learn the fundamentals of Macroeconomics. This branch of economics focuses on the aggregate behavior of the national economy (as opposed to say changes affecting only specific industries). Parts of the concepts to be studied include investment, consumption, long-run economic growth, unemployment, inflation, national income accounting, fiscal policy, monetary policy, and open economy macroeconomics. This course has no formal prerequisites. However, sufficient understanding of economics requires knowledge of some mathematical techniques. The essential elements of mathematical tools needed for this course will be covered in class as we go along, but you should review some basic algebra on your own if you feel you need to. You should be comfortable manipulating fractions, decimals, and percentages, solving simple equations and reading and interpreting graphs. Note that the Academic Development Center (ADC), located on the second floor of O'Neill Library, provides free tutoring services.

Readings:

The Required Text for this class is *Principles of Macroeconomics* 6th Edition by Karl E. Case and Ray C. Fair. It is also suggested that you get in the habit of following the economy by reading either the weekly magazine *The Economist* or by reading the Business Page of the *New York Times*. You will be expected to follow the major economic news stories from around the world. Occasionally, I will bring handouts from newspapers to class for discussions.

Requirements:

The course is based on several problem sets, two midterms and a final exam. The midterms are in-class and will cover material up until the exam. The final is cumulative. The final exam will count for 40% of your grade, each midterm for 20% of your grade and the problem sets count for the remainder 20%.

Problem Sets:

The problem sets are crucial in helping you to understand the material taught in class. In addition, they help you in preparing for the exams. Problem sets will be posted on the class web page. You are responsible for downloading them on time from the class web page and bringing them to class on their due date. They are due in class. Absolutely no late problem sets will be accepted. You are encouraged to work on together. Studying in groups is a valuable experience and will enhance your understanding of the course material. However, you are required to write up and turn in your own answers. Problem sets that are simply copied from somebody else in class will receive a score of zero.

Exams:

There will be no make-up exams. If you are forced to miss an exam you will have to provide documentation from the Dean of your school (as well as your physician, if applicable). In the case where you miss one of the midterms I will increase the weight of all other course requirements accordingly. Otherwise, you will receive a zero for that midterm. You cannot miss the final exam. In the event that school is canceled on an exam day due to inclement weather or any other emergency, the exam will be given the next regularly scheduled class day.

Academic Integrity:

Be advised that cheating on any exam will not be tolerated and will result in an automatic failing grade on the exam in question. Please refer to the page on Academic Integrity in the BC Student Handbook.

Attendance:

Class attendance is extremely important. You are expected to attend each class and notify the instructor if you have to miss any classes. Active participation in class is strongly encouraged. You are always welcome to ask questions or raise issues of interest. If there is anything that you do not understand from the lectures, feel free to come and see me during my office hours or set up an appointment. Note that you held responsible for all readings, assignments and announcements made in class.

Exam Schedule:

Midterm 1:	Wednesday, February 20th
Midterm 2:	Wednesday, April 10th
Final:	Thursday, May 9th, 12:30 pm

Course Outline and Readings: (subject to change as the course progresses)Part A:

Chapter 5: Introduction to Macroeconomics
Chapter 6: Measuring National Output and National Income
Chapter 7: Long-Run and Short-Run Concerns: Growth, Productivity, Unemployment and Inflation
Chapter 8: Aggregate Expenditure and Equilibrium Output
Chapter 9: The Government and Fiscal Policy
Chapter 10: The Money Supply and the Federal Reserve System
Chapter 11: Money Demand, the Equilibrium Interest Rate, and Monetary Policy

Midterm 1

Part B:

Chapter 12: Money, the Interest Rate, and Output: Analysis and Policy
Chapter 13: Aggregate Demand, Aggregate Supply and Inflation
Chapter 14: The Labor Market, Unemployment, and Inflation
Chapter 15: Macroeconomic Issues and Policy
Chapter 20: Open-Economy Macroeconomics: The Balance of Payments and Exchange Rates
Chapter 16: Household and Firm Behavior in the Macroeconomy: A Further Look

Midterm 2

Part C:

Chapter 19: International Trade, Comparative Advantage, and Protectionism
Chapter 21: Economic Growth in Developing and Transitional Economies

Final Exam