

University of California San Diego
 Department of Economics

Fall Quarter, 2008

ELEMENTS OF ECONOMICS 3

Instructor: Radu Munteanu
Office: ECON 111
Course meets: M-W-F 2-2:50 p.m. in CSB 001

E-mail: rmuntean@dss.ucsd.edu
Office Hours: F 12 – 1 pm

Teaching Assistants

Name	Email	Location	Office Hours
Hundal, Sukhpaul	sshundal@ucsd.edu	SH 139	M 4-5pm
Backes, Ben	bbackes@ucsd.edu	ECON 119	M 11.30-12.30pm
Shin, Ji Yong	j0shin@ucsd.edu	ECON 114	M 9-10am

I) Course Description The main objective of the course is to provide students with a the basic understanding of how the economy works at a general (aggregate) level. The main topics of study in this course are: output, unemployment and inflation. More specifically, the main goals of the course are:

- i) Understand what determines the *standard of living*. The standard of living is the level of consumption that people enjoy on average and it is a key variable in macroeconomics.
- ii) Understand what determines the *cost of living*. The cost of living is the amount of money it takes to buy goods and services that a typical family consumes.
- iii) Understand how and why the economy fluctuates. We will discuss about fluctuations by introducing an important variable, *business cycle*.

Other topics of interest in this course will cover the labor markets, capital markets, currency markets and international financial markets.

II) Required Textbook Frank, Robert H. and Ben S. Bernanke (2009), *Principles of Economics*, 4th edition, McGraw-Hill Irwin. The book is available in the UCSD bookstore and on reserve.

III) Exams - There will 2 midterms and a final (cumulative) exam. Dates for the exams are **NOT** negotiable and you **MUST** take the exams on the specified date and time. If you miss an exam due to a **verifiable** medical reason you must contact me as soon as possible to arrange a make-up; otherwise you will receive a zero for that exam!

Midterm 1: Friday, Oct 24th, in class.

Midterm 2: Friday, Nov 21st, in class.

Final Exam: 12/10/08, 3-6 pm (final exam schedule: [http://triton link.ucsd.edu/](http://triton.link.ucsd.edu/)).

Special dates: during the first week of classes there are no discussion sections.

IV) Homeworks for this class play an important role in understanding the material and help students apply the economic notions and analytic tools in real like situations. The homeworks are not required and will not count as part of student's grades. You are strongly advised to try and solve these problems on your own before your discussion section meets and then compare your answers with the correct ones which will be presented by your TA during the discussion section.

V) Grades - Your final grade will be calculated as follows:

Midterm 1 (25%), Midterm 2 (25%), Final (50%). The final letter grade will be determined using a curve for the whole class, centered on the average as a lower B-.

VI) Policy on Regrading Exams - Students who believe that their exam has been misgraded must appeal with a **written statement** explaining why she/he thinks that the grading was not correct. The written statement **must** be submitted to the TA **within 3 days** from the day the exam was handed back. Exam answered in pencil or other erasable medium cannot be submitted for regrading!

VII) Advice on how to study for this class. Although the lectures will follow the textbook closely I am aware that sometimes we won't be able to cover all the relevant material; you are *responsible* for reading the entire chapters in the textbook.

Course Outline (tentative)

Part 6: Macroeconomics: Issues and Data

Chapter 16: Spending, Income and GDP

Chapter 17: Inflation and the Price Level

Chapter 18: Wages and Unemployment

Part 7: The Economy in the Long-Run

Chapter 19: Economic Growth

Chapter 20: Savings, Capital Formation, and Financial Markets

Chapter 21: The Financial System, Money, and Prices

Part 8: The Economy in the Short-Run

Chapter 22: Short-Term Fluctuations

Chapter 23: Spending and Output in the Short Run

Chapter 24: Stabilizing the Economy: The Role of the Federal Reserve

Chapter 25: Aggregate Demand and Aggregate Supply

Chapter 26: Macroeconomic Policy

Part 9: International Economy

Chapter 27: Exchange Rates and the Open Economy

Chapter 28: International Capital Flows (p. 824-831)