

**ECONOMICS 110B – SECTION A00 – FALL 2007**  
**MACROECONOMICS B**

Instructor:	Genevieve Peters
Office:	Economics Building, Room 110B (no, it's not a typo ☺)
Office Hours:	Tues. 11:00 a.m. – 2:00 p.m.
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Classroom:	Center Hall 113
Class Time:	MWF 1:00 – 1:50 p.m.
Class Web Page:	<a href="http://webct.ucsd.edu/">http://webct.ucsd.edu/</a>

### **COURSE DESCRIPTION**

This course is a continuation of Economics 110A, and will build upon the models presented in that class. We will extend the basic IS-LM model to examine how our expectations affect the performance of the economy. We will then discuss how international trade affects the domestic economy. Finally, we will look at recent developments in our understanding of fiscal and monetary policy.

### **PREREQUISITES**

The prerequisite for Economics 110B is Economics 110A.

### **TEXTS**

The required text for this class is Macroeconomics, 4th Edition by Olivier Blanchard.  
The Student Study Guide by David Findlay is strongly recommended.

### **COURSE READINGS**

We will be covering chapters 14 – 20 and 24 – 26 from Blanchard's text. The reading assignments for each lecture are outlined in the class schedule below. Lectures will focus on the more difficult material in the readings, but you will be responsible for all of the material in each chapter. You will get a lot more out of this class if you read the required chapters before each lecture.

### **ATTENDANCE**

Class attendance is an individual student responsibility. Although daily attendance is not recorded, the lectures will be more mathematical than the text, and I will provide examples during lectures that do not appear in the textbook but are fair game for examination. Thus, frequent absences may adversely affect performance.

### **PRACTICE PROBLEMS**

In past sections of this class, I have noticed that students who make intensive use of the Student Study Guide that accompanies the text have been happier with their grades than those who did not use the study guide. I will also post solutions to the problems at the end of each chapter (4<sup>th</sup> edition), as well as additional practice questions on our course website. These problems will not be collected and will not be graded.

### STATEMENT OF ACADEMIC INTEGRITY

Students are expected to do their own work, as outlined in the UCSD policy on Academic Integrity published in the UCSD General Catalog. Cheating will not be tolerated, and any student who engages in suspicious conduct will be confronted and subjected to the disciplinary process. Students found guilty of academic misconduct will receive a failing grade on the exam and/or in the entire course. They may also be suspended from UCSD.

### EXAMINATIONS

Two midterm exams and one final exam will be given in this section.

- The midterm exams will be given during class time on **Wed. Oct. 24<sup>th</sup>** and **Mon. Nov. 19<sup>th</sup>**.
- The final exam will be given on **Monday December 10<sup>th</sup> from 11:30 a.m. – 2:30 p.m.**

No notes, books, study aids, calculators, or other personal electronic devices will be allowed in these exams.

All three exams must be taken at the scheduled time and place; they will not be given “early”. Students who arrive late will not receive extra time to complete their exam. Once a student completes the exam and leaves the exam room, no other student will be permitted to start the exam.

### MISSED EXAMINATIONS

No make-up exams will be given in this class. Students who miss a midterm exam without a university accepted excuse will receive a grade of **zero (0)** for the exam. Students who miss a midterm with a university accepted excuse will have the weight of the final exam increased accordingly. You must take the final exam to receive a grade in this course.

Excuses for missed exams must be pre-approved by the instructor (except when this is not possible in an emergency situation). Students who make initial contact after the exam will have to document why they could not make contact prior to the exam. In addition, any student who misses an exam due to physical illness will be required to provide documentation from a health care professional indicating why the student was physically unable to take the exam. All documentation and an additional signed written statement explaining the relevant circumstances of the absence must be provided to the instructor within two working days of the student’s return to campus. Failure to comply with any of the above in the specified manner will result in a grade of **zero (0)** for the exam.

### GRADING

Numerical grades will be assigned as follows:

Midterm I	=	20%
Midterm II	=	30%
Final Exam	=	50%
Total	=	100%

Letter grades will be assigned as follows:

<b>Letter</b>	<b>A</b>	<b>A-</b>	<b>B+</b>	<b>B</b>	<b>B-</b>
<b>Numerical Range</b>	<b>85% - 100%</b>	<b>80% - 84%</b>	<b>75% - 79%</b>	<b>70% - 74%</b>	<b>65% - 69%</b>
<b>Letter</b>	<b>C+</b>	<b>C</b>	<b>C-</b>	<b>D</b>	<b>F</b>
<b>Numerical Range</b>	<b>60% - 64%</b>	<b>55% - 59%</b>	<b>50% - 55%</b>	<b>40% - 49%</b>	<b>0% - 39%</b>

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**CLASS SCHEDULE AND READING ASSIGNMENTS**

	<u>Date</u>	<u>Lecture Topic/Reading Assignment</u>	<u>Chapter</u>	<u>Pages</u>
Fri.	Sept. 28	Nominal versus Real Interest Rates	14	291 - 295
Mon.	Oct. 1	Expected Inflation and the IS-LM Model	14	300 - 305
Wed.	Oct. 3	Monetary Policy and Interest Rates	14	305 - 308
Fri.	Oct. 5	Expected Present Discounted Values	14	295 - 300, 311
Mon.	Oct. 8	Bond Markets and Bond Prices	15	313 - 322
Wed.	Oct. 10	Stock Markets and Stock Prices	15	322 - 329
Fri.	Oct. 12	Modern Consumption Theories	16	335 - 341
Mon.	Oct. 15	Modern Investment Theories	16	341 - 351
Wed.	Oct. 17	Expectations and Current Economic Activity	17	355 - 360
Fri.	Oct. 19	Expectations and Monetary Policy	17	360 - 363
Mon.	Oct. 22	Expectations and Fiscal Policy	17	364 - 368
<b>Wed.</b>	<b>Oct. 24</b>	<b>Midterm 1 (1:00 p.m. – 1:50 p.m.)</b>	<b>14-17</b>	
Fri.	Oct. 26	Nominal versus Real Exchange Rates	18	375 - 383
Mon.	Oct. 29	Balance of Payments	18	383 - 387
Wed.	Oct. 31	Domestic Bonds versus Foreign Bonds	18	387 - 392
Fri.	Nov. 2	The Goods Market in an Open Economy	19	395 - 400, 405 - 406
Mon.	Nov. 5	An Algebraic Model of the Goods Market	19	400 - 405, 417 - 418
Wed.	Nov. 7	Policy Options in an Open Economy	19	406 - 415
Fri.	Nov. 9	The Interest Parity Relation	20	421 - 426
<i>Mon.</i>	<i>Nov. 12</i>	<i>Veteran's Day Holiday (Lecture Cancelled)</i>		
Wed.	Nov. 14	Policy in the IS-LM-IP Model	20	426 - 429
Fri.	Nov. 16	Fixed Exchange Rates	20	429 - 435, 438 - 439
<b>Mon.</b>	<b>Nov. 19</b>	<b>Midterm 2 (1:00 p.m. – 1:50 p.m.)</b>	<b>14-20</b>	
Wed.	Nov. 21	Uncertainty and Policy	24	513 - 518
<i>Fri.</i>	<i>Nov. 23</i>	<i>Thanksgiving Holiday (Lecture Cancelled)</i>		
Mon.	Nov. 26	Expectations and Policy	24	518 - 522
Wed.	Nov. 28	Politics and Policy	24	522 - 529
Fri.	Nov. 30	Monetary Policy Design	25	533 - 545
Mon.	Dec. 3	The Federal Reserve Bank	25	545 - 549
Wed.	Dec. 5	The Government Budget Constraint	26	553 - 561
Fri.	Dec. 7	Four Issues in Fiscal Policy	26	561 - 572
<b>Mon.</b>	<b>Dec 10</b>	<b>Final Exam (11:30 a.m. – 2:30 p.m.)</b>	<b>14-20, 24-26</b>	