

ECONOMICS 110B – SECTION A00 – FALL 2008
MACROECONOMICS B

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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 causes of and cures for economic depressions, slumps, and hyperinflations.

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 – 23 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, students who made intensive use of the Student Study Guide that accompanies the text have been much 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 (4th edition), as well as additional practice questions on our course website. These problems will not be collected and will not be graded.

WEBCT AND PODCASTS

We will be using WebCT for this course (<http://webct.ucsd.edu>). You will find this syllabus, practice problems with solutions, old exams with solutions, and other helpful material on that site. Audio podcasts of our class lectures will be available at <http://podcast.ucsd.edu>.

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. 22nd** and **Mon. Nov. 17th**.
- The final exam will be given on **Tuesday, December 9th from 3:00 p.m. – 6:00 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.

MISSSED 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%
<u>Final Exam</u>	=	<u>50%</u>
Total	=	100%

Letter grades will be assigned as follows:

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

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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. 26	Nominal versus Real Interest Rates	14	291 - 295
Mon.	Sept. 29	Expected Inflation and the IS-LM Model	14	300 - 305
Wed.	Oct. 1	Monetary Policy and Interest Rates	14	305 - 308
Fri.	Oct. 3	Expected Present Discounted Values	14	295 - 300, 311
Mon.	Oct. 6	Bond Markets and Bond Prices	15	313 - 322
Wed.	Oct. 8	Stock Markets and Stock Prices	15	322 - 329
Fri.	Oct. 10	Modern Consumption Theories	16	335 - 341
Mon.	Oct. 13	Modern Investment Theories	16	341 - 351
Wed.	Oct. 15	Expectations and Current Economic Activity	17	355 - 360
Fri.	Oct. 17	Expectations and Monetary Policy	17	360 - 363
Mon.	Oct. 20	Expectations and Fiscal Policy	17	364 - 368
Wed.	Oct. 22	Midterm 1 (4:00 p.m. – 4:50 p.m.)	14-17	
Fri.	Oct. 24	Nominal versus Real Exchange Rates	18	375 - 383
Mon.	Oct. 27	Balance of Payments	18	383 - 387
Wed.	Oct. 29	Domestic Bonds versus Foreign Bonds	18	387 - 392
Fri.	Oct. 31	The Goods Market in an Open Economy	19	395 - 400, 405 - 406
Mon.	Nov. 3	An Algebraic Model of the Goods Market	19	400 - 405, 417 - 418
Wed.	Nov. 5	Policy Options in an Open Economy	19	406 - 415
Fri.	Nov. 7	The Interest Parity Relation	20	421 - 426
Mon.	Nov. 10	Policy in the IS-LM-IP Model	20	426 - 429
Wed.	Nov. 12	Fixed Exchange Rates	20	429 - 435
Fri.	Nov. 14	Fixed Exchange Rates and Capital Mobility	20	438 - 439
Mon.	Nov. 17	Midterm 2 (4:00 p.m. – 4:50 p.m.)	14-20	
Wed.	Nov. 19	Aggregate Demand in the Open Economy	21	440 - 447, 464
Fri.	Nov. 21	Flexible Exchange Rate Movements	21	449 - 454
Mon.	Nov. 24	Choosing an Exchange Rate Regime	21	447 - 449, 454 - 459
Wed.	Nov. 26	Deflation and the Liquidity Trap	22	467 - 475
Fri.	Nov. 28	<i>Thanksgiving Holiday</i>		
Mon.	Dec. 1	Great Depression and Japanese Slump	22	475 - 488
Wed.	Dec. 3	Money Creation and Seignorage	23	493 - 503
Fri.	Dec. 5	Stabilization Programs	23	503 - 508
Tues.	Dec. 9	Final Exam (3:00 p.m. – 6:00 p.m.)	14-23	