

University of California San Diego
Department of Economics

Spring Quarter, 2008

ELEMENTS OF ECONOMICS 3

Instructor: Radu Munteanu

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Office: ECON 111

Office Hours: M 11.45 – 12.45 pm

Course webpage: <http://dss.ucsd.edu/~rmuntean/econ3.htm>

Course meets: M-W-F 1-1:50 p.m. in CENTR 101

<u>Teaching Assistants</u>	<u>Office</u>	<u>Office Hours</u>	<u>Email</u>
Bauer Michael	SH 235	W 3 - 5 pm	mbauer@ucsd.edu
Buzard Kristy	ECON 123	T 8 - 10 am	kbuzard@ucsd.edu
Steinbach, Jesse	SH 139	M 2.30 – 4.30 pm	jgsteinb@ucsd.edu
Liu Susie	SH 139	Th 1- 3 pm	lxliu@ucsd.edu

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 *Macroeconomics*, by Michael Parkin, 8th Edition , Pearson. 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: Monday, April 28th, in class.

Midterm 2: Wednesday, May 21st, in class.

Final Exam: 06/14/08, from 3-6 pm (final exam schedule: <https://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 I strongly encourage you to attend the lectures for a better understanding of the material. During lectures I will offer a lot of intuition and examples to help you grasp the more challenging concepts. 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 Schedule (tentative)

Week	Topic	Suggested problems
1	A first look at Macroeconomics	Chapter 4 2, 5,6
2	Measuring GDP and Economic Growth	Chapter 5 1,2,35
2	Monitoring Jobs and Price level	Chapter 6 5,8,9
3	At Full Employment: The Classical Growth	Chapter 7 4,6,7
4	Midterm 1	Ch 4-7
4	Economic Growth	Chapter 8
5	Money, the Price Level and Inflation	Chapter 9
6	The Exchange Rate and the Balance of Payments	Chapter 10
7	Aggregate Supply and Aggregate Demand	Chapter 11
8	Midterm 2	Ch 8-11
8	Expenditure Multipliers: The Keynesian Model	Chapter 12
9	US Inflation, Unemployment and Business Cycles	Chapter 13
10	Fiscal Policy	Chapter 14
10	Monetary Policy	Chapter 15
	Trading with the World	Chapter 16
	FINAL EXAM	Ch 1-16