

MACROECONOMICS B

Economics 110B - Spring 2009 - Section A00

M-W-F 4:00pm-4:50pm, 110 Peterson Hall

Professor Giacomo Rondina

Economics Building, Room 306

Office Hours: M-W-F 6:15pm-7:15pm

Email: grondina@ucsd.edu; Class Website: <http://webct.ucsd.edu>.

Teaching Assistants

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COURSE DESCRIPTION

This course builds upon the material you learned in Economics 110A. I will assume that you are familiar with the models and the terminology presented in that course. Economics 110B consists of three parts. In the first part, we will extend the basic IS-LM model by introducing the role of expectations and we will look at their effect on the economic activity and on economic policies. In the second part, we will consider the interaction between international trade and the domestic economy. In the third part, we will explore recent developments in the analysis and the design of monetary and fiscal policies.

TEXTBOOK

The required text for this class is *Macroeconomics*, 4th Edition by Olivier Blanchard. The UCSD custom edition is fine. The Student Study Guide by David Findlay is recommended. Textbooks are available at the Bookstore and at the library on reserve

COURSE MATERIAL, ATTENDANCE AND PRACTICE PROBLEMS

We will cover chapters 14-21 and 24-26 from Blanchard's textbook. Lectures will focus on the more difficult material but you will be responsible for all the material in each chapter. It is strongly recommended to read the required chapters before each class. You can find the class schedule below.

In class I will present examples/remarks/extensions that do not appear in the textbook but that will be part of the examination material. Being present in class is an individual student responsibility, everything I say in class is fair game for the exams. I will regularly post on the class website problem sets with practice questions of the sort you will find in the midterm and the final. These problem sets will not be collected or graded. However, your performance in this class crucially depends on your constant practice. Attending class and constantly working on the problem sets will significantly affect your level of success in this course.

EXAMINATIONS AND GRADES

There is one midterm exam and one final exam for this course. Numerical grades will be assigned as follows: Midterm 40% and Final Exam 60%. The dates and times are the following:

- **Midterm, Friday May 1st, 6:00 p.m. – 8:00 p.m., 2722 York**
- **Final Exam, Thursday June 11th, 3:00 p.m. – 6:00 p.m., Room TBA**

No notes, books or study aids will be allowed during the exams. All the exams must be taken at the scheduled time and place. Students who arrive late will not receive extra time to complete their exam. Once a student completes the exam and leaves the exam room he/she will not be permitted to start the exam again.

MISSED EXAMINATIONS

No make-up exams will be given in this class. You must take the final exam in order to receive a grade in this course. The date is written above, be sure to mark your calendar. If you miss a midterm exam without a university accepted excuse, you will receive a grade of zero (0) for the exam. If you miss a midterm with a university accepted excuse, the weight of the final exam will be increased accordingly. Excuses for missed exams must be pre-approved by professor Rondina (except when this is not possible in an emergency situation). A 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 must be provided to professor Rondina 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.

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.

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Class Schedule

Date	Topic	Ch.
Week 1	Nominal and Real Interest Rates	14
	The IS-LM Model and the Fisher Hypothesis	14
Week 2	Expected Present Discounted Values	14
	Bond Prices and the Yield Curve	15
Week 3	Stock Market and Stock Prices	15
	Modern Consumption Theories	16
Week 4	Modern Investment Theories	16
	Expectations and Economic Activity	17
Week 5	Expectations and Monetary Policy	17
Fri. May 1st	Midterm, York 2722	14-17
Week 6	Openness in Goods and Financial Markets	18
Week 7	The Goods Market in an Open Economy	19
Week 8	Output, the Interest Rate, and the Exchange Rate	20
	Exchange Rate Regimes	21
Week 9	Uncertainty and Economic Policies	24
	A Closer Look at Monetary Policy (1)	25
Week 10	A Closer Look at Monetary Policy (2)	25
	A Closer Look at Fiscal Policy	26
Thu. June 11th	Final Exam, Room TBA	All