

Economics 110B/110BH – Winter 2003

Macroeconomics

Instructor: Genevieve Peters
Office: Economics 314
Office Hours: TuTh 10:00 a.m. - 12:00 p.m. and by appointment.
Phone: (858) 534-4553
E-mail: gpeters@weber.ucsd.edu

Classroom: York 2722
Class Time: TuTh 3:30 p.m. – 4:50 p.m.
Class Web Page: <http://weber.ucsd.edu/~gpeters/econ110b/>

Course Description

Why do some countries have rapidly rising living standards while others do not? What were the causes of the financial crisis in Mexico in 1994-1995? Should the U.S. choose fixed or floating exchange rates? These are just some of the important questions that will be discussed in Economics 110B.

This course is a continuation of Economics 110A, and will build upon the models presented in that class. We will extend the basic short-run IS-LM model to include an analysis of international trade. We will discuss various theories of consumption and investment that provide microeconomic foundations for our macroeconomic models. We will talk about the creation of money, and the ways in which the Federal Reserve Bank influences interest rates. We'll look at long run growth models used by macroeconomists. We'll finish the course by summarizing the major economic lessons learned and questions yet to be answered.

Prerequisites

The prerequisite for Economics 110B is Economics 110A.

Texts

The required text for this class is Macroeconomics, Fifth Edition by N. Gregory Mankiw. The Student Guide and Workbook by Roger Kaufman is not required **but strongly recommended**. This study guide contains hundreds of questions and problems (with answers) that will prove helpful in learning to solve macroeconomic problems.

Course Readings

We will be covering chapters 5, 7, 8, 12, 16-19, and the Epilogue from Mankiw'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 don't appear in the textbook but are fair game for examination. Thus, frequent absences may adversely affect performance.

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 for non-honors students will be assigned as follows:

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

Here is a simple example. Suppose that a student received the following scores:

Midterm 1 = 68.0 % Midterm 2 = 62.5 % Final Exam = 76.0 %

Step 1: Calculate a weighted average of the percent scores.

Final percent score = $0.2 (\text{Midterm 1 \%}) + 0.3 (\text{Midterm 2 \%}) + 0.5 (\text{Final exam \%})$
 \Rightarrow Final percent score = $0.2 (68.0 \%) + 0.3 (62.5 \%) + 0.5 (76.0 \%)$
 \Rightarrow Final percent score = $13.6 \% + 18.75 \% + 38.0 \%$
 \Rightarrow Final percent score = 70.35 %

Step 2: Round your final percent score to the nearest whole number using the standard mathematical rules for rounding (i.e., 62.4 % rounds down to 62 %, and 62.5 % rounds up to 63 %)

Final percent score (rounded to nearest whole number) = 70 %

Step 3: Find the letter grade in the scale provided below.

Letter	A	A-	B+	B	B-
Numerical Range	87% - 100%	82% - 86%	77% - 81%	74% - 76%	70% - 73%
Letter	C+	C	C-	D	F
Numerical Range	67% - 69%	64% - 66%	60% - 63%	50% - 59%	0% - 49%

For this student, the final letter grade would be B-.

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<u>Month</u>	<u>Day</u>	<u>Reading Assignment</u>
January	07	Chapter 5
	09	Chapter 5
	14	Chapter 5
	16	Chapter 12
	21	Chapter 12
	23	Chapter 12
	28	Midterm I (Chapters 5, 12)
February	30	Chapter 16
	04	Chapter 16
	06	Chapters 16, 17
	11	Chapter 17
	13	Chapters 17, 18
	18	Chapter 18
	20	Midterm II (Chapters 5, 12, 16-18)
March	25	Chapter 7
	27	Chapter 7
	04	Chapters 7, 8
	06	Chapter 8
	11	Chapter 19
	13	Chapter 19
	19	Final Exam (Chapters 5, 7, 8, 12, 16-19)

Practice Problems

A course reader including review questions, practice problems, and sample exams will be available from the AS Soft Reserves. Additionally, solutions to the problems at the end of each chapter in Mankiw's text are available at the reserve desk of Geisel Library. You are encouraged to work through these problems with your classmates since you will see similar problems on exams. These problems will not be collected and will not be graded.

Examinations

Two midterm exams and one final exam will be given in this section. The midterm exams will be given in class on January 28, 2003 and February 20, 2003. The final exam will be given on March 19, 2003 from 3:00 p.m. - 6:00 p.m. All three exams will be comprised of analytical problems and multiple-choice questions. No calculators, study aids, or notes will be allowed in these exams.

Midterm exams will be administered in York 2722 at the beginning of the class and will last exactly eighty (80) minutes. Students who arrive late will not receive extra time to complete their exam.

The final exam will be administered in York 2722 and will last exactly three (3) hours. Once a student completes the exam, then no other student will be permitted to start the exam.

Students must take all exams at the scheduled time and place.

Cheating on exams will be brought to the attention of the Dean.

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Honors Students

Honors students will attend the same lectures and take the same exams as the 110B students. In addition, honors students will be assigned a fifteen-page research paper to be completed before the end of the quarter. The numerical grades for honors students will be assigned as follows:

Midterm I = 20%, Midterm II = 25%, Research Paper = 10%, Final Exam = 45%

Further information regarding the research paper will be provided in the first week of class.

Midterm I	=	20%
Midterm II	=	25%
Research Paper	=	10%
Final Exam	=	45%
Total	=	100%

Here is a simple example. Suppose that a student received the following scores:

Midterm I = 65.0% Midterm II = 62.5% Final Exam = 78.0%

Step 1: Calculate a weighted average of the student's scores.

Final percent score = $0.2(\text{Midterm I \%}) + 0.25(\text{Midterm II \%}) + 0.45(\text{Final Exam \%})$

= Final percent score = $0.2(65.0) + 0.25(62.5) + 0.45(78.0)$

= Final percent score = $13.0 + 15.625 + 35.1$

= Final percent score = 63.725

Step 2: Round your final percent score to the nearest whole number using the standard rounding rules for rounding (i.e., 0.5 or greater always rounds up to 0.5 or more).

Final percent score (rounded to nearest whole number) = 64%

Step 3: Find the letter grade in the same percent column.

Letter	A	B	C	D	F
Percent Range	80% - 100%	70% - 79%	60% - 69%	50% - 59%	40% - 49%

Letter	A	B	C	D	F
Percent Range	80% - 89%	70% - 79%	60% - 69%	50% - 59%	40% - 49%

For this student, the final letter grade would be B.