

Course Syllabus

University of California – San Diego

Economics 110A
Macroeconomics
Winter Quarter 2004

Instructor: Prof. Ahmad Seifi
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Office Hours: Tu. 1:00-3:00 p.m.

Prerequisites: Economics 1A–B or 2A–B; and Math. 10A-B-C, or 20A-B and 20C / 21C.

Teaching Assistant:

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Course Description

Study of the behavior of the economy and how the economy works; contemporary theories of income, employment, money, growth and economics fluctuations; study of the causes and cures of inflation and unemployment; monetary and fiscal policy; debates among economists about the merits of policy activism and limitations of monetary and fiscal policy actions; international economics relations and study of how open economy works.

This course is the first in a sequence of two courses in macroeconomics. Some of the above macro topics will be discussed in this course, while others in the follow-up course.

Textbook:

Macroeconomics, 5th Edition
Author: N. Gregory Mankiw
Worth Publishing Co., 2003

This text is required. You will find it available at UCSD campus bookstore.

Exams and Grading Procedure: Grades will be based on three exams. Each exam will carry a weight of 1/3. The exams will take place on the following dates:

Exam 1 : M, January 26
Exam 2: W, February 18
Exam 3 : W, March 10

No make-up exams will be given. If you miss an exam, you will receive a score of zero for that exam.

The course grade will be based on a “curve” which will, in turn, depend on the class performance as a whole. So, your grade will really depend on how well you do in relation to the rest of the class.

Outline of the Topics:

1. Introduction

Introductory topics; various measurements of economic performance; historical performance of the U.S. economy; review of national income accounts; Okun's Law.
Readings: Text chapters 1,2.

2. A Basic Classical Model of the Economy

Our basic model explains the production, distribution, and allocation of the economy's output. Discussion of four components of aggregate demand: consumption, investment, government purchases, and net exports. Equilibrium in factor markets and markets for goods and services.

Reading: Text, chapter 3.

3. Inflation

The causes and effects of inflation; Quantity Theory of Money; seigniorage or 'inflation tax'; Fisher Effect; money demand, money supply, and nominal interest rates; hyperinflation episodes and the causes of hyperinflation; classical dichotomy and money neutrality.

Reading: Text, chapter 4.

4. Unemployment

Study of why there is unemployment and what determines its level; natural rate of unemployment; frictional unemployment; wage rigidity; minimum-wage laws; efficiency wages; causes of upward drift in unemployment.

Reading: Text, chapter 6.

5. Long-Run Economic Growth

Study of long-run economic growth and the reasons behind differences in income over time as well as across countries; Solow Growth Model; growth empirics; introduction to Endogenous Growth Theory; study of how economic policy can influence the growth of standard of living.

Readings: Text, chapters 7, 8.

6. Introduction to Economic Fluctuations

Introduction of a framework to study economic fluctuations (business cycles); A model based on aggregate demand and aggregate supply shows how shocks to aggregate demand or aggregate supply cause economic fluctuations; stagflation; a case study of supply shock.

Reading: Text, chapter 9.

7. IS - LM Model and Applications

IS – LM model as a general theory of aggregate demand; Keynesian theory of income determination; multiplier analysis; theory of liquidity preference; the effectiveness of fiscal and monetary policy in the Keynesian model; applications of IS – LM model.

Readings: Text, chapters 10, 11.