

Professor Valerie Ramey  
Winter 2008

### **Elements of Economics 3** **Macroeconomics**

What causes recessions? Why can one word from Ben Bernanke send shudders through the stock market? What makes inflation high or low? This course will present material that will help you answer these types of questions.

**Prerequisites:** Elements of Economics I and an enthusiasm for current macroeconomic issues.

**Required reading:** Michael Parkin, *Macroeconomics*, UCSD edition or *Macroeconomics*, 8th edition or . Although the topics covered in class will follow the text, the lectures will contain material not in the text. Thus, regular class attendance is very important. You should also become well informed about the current state of the U.S. economy. The ideal way to stay informed is by daily reading of *The Wall Street Journal*.

**Homework:** You are required to use the WebCT web site for homework. For instructions on how to set up an account on WebCT, please go to:  
[http://iwdc.ucsd.edu/docs/step1\\_webct\\_fa06.pdf](http://iwdc.ucsd.edu/docs/step1_webct_fa06.pdf)

**Web Site:** <http://econ.ucsd.edu/~vramey/econ3.html>

**Exams and Grades:**

- 20%: Homework (the lowest grade is automatically dropped)
- 20%: Midterm 1 (Wednesday January 30)
- 20%: Midterm 2 (Friday February 22)
- 40%: Final (Monday March 17, 8:00 – 11:00 a.m..)

**Office Hours:** My office hours will be Monday and Wednesday, 9:10 – 10:10 in Economics 326.

**Academic Honesty:** You are required to turn in your own work, including homework, in this class. Students who are suspected of violating the student conduct code, by collaborating on homework assignments, copying from others' exams, or using unauthorized materials, will be reported to the Office of Student Conduct.

**Missed Exams:** I do not give make-up midterms. Unless they were unconscious in the emergency room, students must contact me before the exam in order not to receive a zero. Only very special cases, such as a death in the family or medical emergency, are sufficient reasons to miss an exam. In those cases, I upweight the student's other scores in computing the course score.

## **Course Outline**

(Chapters refer to Parkin Macroeconomics, UCSD Version. Other versions are suitable substitutes)

### **Part 3: Macroeconomics: Issues and Data**

Chapter 4: A First Look at Macroeconomics

Chapter 5: Measuring GDP and Economic Growth

Chapter 6: Monitoring Jobs and the Price Level

### **Part 4: The Economy in the Long-Run**

Chapter 7: At Full Employment: The Classical Model

Chapter 8: Economic Growth

Chapter 9: Money, the Price Level and Inflation

Chapter 10: The Exchange Rate and the Balance of Payments

### **Part 5: The Economy in the Short-Run**

Chapter 11: Aggregate Supply and Aggregate Demand

Chapter 12: Expenditure Multipliers: The Keynesian Model

Chapter 13: U.S. Inflation, Unemployment, and Business Cycles

### **Part 6: Macroeconomic Policy**

Chapter 14: Fiscal Policy

Chapter 15: Monetary Policy

### **Part 7: The Global Economy**

Chapter 16: Trading with the World