

Elements of Economics 3
Macroeconomics

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

Prerequisites: Economics 1 and an enthusiasm for current macroeconomic issues.

Required reading: Robert H. Frank and Ben S. Bernanke (2009), *Principles of Economics*, 4th edition, McGraw-Hill Irwin. There is a UCSD custom version of this textbook available at the UCSD Bookstore for less than the usual price. The custom is identical to the 4th edition in every way except that it has an indifference curve appendix, has a different cover, and is much cheaper. 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.

Homework: You are required to use Webct for homework. You should automatically be added to the course. You can log in at: WebCT.ucsd.edu.

Exams and Grades:

- 10%: Homework (the lowest grade is automatically dropped)
- 20%: Midterm 1 (Friday February 4)
- 20%: Midterm 2 (Friday February 25)
- 50%: Final (Friday March 18, 8:00 – 11:00 a.m..)

Office Hours: My office hours are Mondays 1:30 - 2:30 p.m. and Fridays 8:45 - 9:45 a.m. My office is Room 326 in the Economics Building.

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 are sufficient reasons to miss an exam. In those cases, I upweight the student's other scores in computing the course score.

Topic Outline

Part 5: Macroeconomics: Issues and Data

Chapter 16: Spending, Income and GDP

Chapter 17: Inflation and the Price Level

Chapter 18: Wages and Unemployment

Part 6: The Economy in the Long-Run

Chapter 19: Economic Growth

Chapter 20: Savings, Capital Formation, and Financial Markets

Chapter 21: The Financial System, Money, and Prices

Part 7: The Economy in the Short-Run

Chapter 22: Short-Term Fluctuations

Chapter 23: Spending and Output in the Short Run

Chapter 24: Stabilizing the Economy: The Role of the Federal Reserve

Chapter 25: Aggregate Demand and Aggregate Supply

Chapter 26: Macroeconomic Policy

Part 8: International Economy

Chapter 27: Exchange Rates and the Open Economy

Chapter 28: International Capital Flows (p. 824-831)