

University of California San Diego
Department of Economics

Fall Quarter, 2007

ELEMENTS OF ECONOMICS 3

Instructor: Radu Munteanu

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Office: ECON 111

Office Hours: M 12.45 – 1.45 pm

Course webpage: <http://dss.ucsd.edu/~rmuntean/econ3.htm>

Course meets: M-W-F 3-3:50 p.m. in WLH 2005

<u>Teaching Assistants</u>	<u>Office</u>	<u>Office Hours</u>	<u>Email</u>
Bauer Michael	SH 235	M 5-6.30 pm	mbauer@ucsd.edu
Le Michelle	SH 139	W 1.30-3 pm	m7le@ucsd.edu
Hooper Ashely	SH 233	T 3.30-4.30 pm	ahoopper@ucsd.edu
Lau Chim	Econ 122	Th 10-11.30 am	chimplau@ucsd.edu

I) Course Description The main objective of the course is to provide students with a the basic understanding of how the economy works at a general (aggregate) level. The main topics of study in this course are: output, unemployment and inflation. More specifically, the main goals of the course are:

- i) Understand what determines the *standard of living*. The standard of living is the level of consumption that people enjoy on average and it is a key variable in macroeconomics.
- ii) Understand what determines the *cost of living*. The cost of living is the amount of money it takes to buy goods and services that a typical family consumes.
- iii) Understand how and why the economy fluctuates. We will discuss about fluctuations by introducing an important variable, *business cycle*.

Other topics of interest in this course will cover the labor markets, capital markets, currency markets and international financial markets.

II) Required Textbook *Elements of Economics*, by Robert H, Frank and Ben S. Bernake, Third Edition , McGraw Hill. The book is available in the UCSD bookstore and on reserve.

III) Exams - There will 2 midterms and a final (cumulative) exam. Dates for the exams are **NOT** negotiable and you **MUST** take the exams on the specified date and time. If you miss an exam due to a **verifiable** medical reason you must contact me as soon as possible to arrange a make-up; otherwise you will receive a zero for that exam!

Midterm 1: Wed, October 24th, in class.

Midterm 2: Monday, Nov 19th, in class.

Final Exam: 12/14/07, from 3-6 pm (final exam schedule: [https://triton link.ucsd.edu/](https://tritonlink.ucsd.edu/)).

Special dates: Monday, Nov 12: no class or discussion section.

Nov 22 – 23: no class or discussion sections.

IV) Homeworks for this class play an important role in understanding the material and help students apply the economic notions and analytic tools in real like situations. The homeworks are not required and will not count as part of student’s grades. You are strongly advised to try and solve these problems on your own before your discussion section meets and then compare your answers with the correct ones which will be presented by your TA during the discussion section.

V) Grades - Your final grade will be calculated as follows:
 Midterm 1 (25%), Midterm 2 (25%), Final (50%). The final letter grade will be determined using a curve for the whole class, centered on the average as a lower B-.

VI) Policy on Regrading Exams - Students who believe that their exam has been misgraded must appeal with a **written statement** explaining why she/he thinks that the grading was not correct. The written statement **must** be submitted to the TA **within 3 days** from the day the exam was handed back. Exam answered in pencil or other erasable medium cannot be submitted for regrading!

VII) Advice on how to study for this class I strongly encourage you to attend the lectures for a better understanding of the material. During lectures I will offer a lot of intuition and examples to help you grasp the more challenging concepts. Although the lectures will follow the textbook closely I am aware that sometimes we won’t be able to cover all the relevant material; you are *responsible* for reading the entire chapters in the textbook.

Course Schedule (tentative)

Week	Topic		Suggested problems
1	Macroeconomics: The Bird’s-Eye View of the Economy	Chapter 17	4,5
2	Measuring Economic activity: GDP and Unemployment	Chapter 18	3, 4, 10
2	Measuring the Price level and Inflation	Chapter 19	5,8,9
3	Economic Growth, Productivity and Living Standards	Chapter 20	4,6,7
4	Midterm 1	Ch 17-20	
4	Workers, Wages and Employment in the Modern Ec	Chapter 21	6,9
5	Saving and Capital Formation	Chapter 22	2,3, 4,9
6	Money, Prices and Federal Reserve	Chapter 23	1,3,6
7	Financial Markets and International Capital Flows	Chapter 24	2, 3, 5, 7
8	Midterm 2	Ch 21-24	
8	Short-Term Economic Fluctuations	Chapter 25	1
9	Spending and Output in the Short-Run	Chapter 26	1,6,7,9,10
10	Stabilizing the Economy: The Role of the Fed	Chapter 27	1,2,4,7,8
10	Inflation and Aggregate Supply	Chapter 28	3,7,8
	FINAL EXAM	Ch 17-28	