

**ECON 110A: Intermediate Macroeconomics  
Spring 2014**

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**Course schedule:**

Section A00

Class Time:	Tue-Thu, 2:00 - 3:20pm, SOLIS 104
Review Sessions:	
A01:	Mon, 7-7.50pm, PETER 103
A02:	Mon, 8-8.50pm, PETER 103

Section B00

Class Time:	Tue-Thu, 5:00 - 6:20pm, CENTR 109
Review Sessions:	
B01:	Wed, 8-8.50pm, PETER 103
B02:	Wed, 9-9.50pm, PETER 103

**Course Outline:**

Unlike microeconomics, which analyzes the behavior of individual economic agents, the study of macroeconomics attempts to understand the workings of an entire economic system that is made up of (potentially) millions of consumers and firms. The main topics we will focus on are economic growth, business cycles, unemployment, and inflation. The field of macroeconomics was largely founded by Keynes in the 1930s. Keynesian economics, relying on the IS-LM model, was the dominant framework for macroeconomic analysis until the 1960s. However, starting in the late 1960s and continuing through the 1970s, theoretical attacks challenged the Keynesian approach. Even more devastating was this approach's inability to reconcile the high inflation and high unemployment of the 1970s.

Since then, macroeconomists have been slowly rebuilding their field, paying particular attention to the microeconomic foundations of their models. Modern models rely on consumer and firm dynamic maximization problems subject to constraints. While much of modern macroeconomics requires mathematical tools beyond the scope of this class, we will cover some of the fundamental results of modern macroeconomics in this class.

Our primary focus will be building a model to analyze business cycle fluctuations. This model will be based loosely on the dynamic maximization problems faced by firms and consumers. We will then apply this model to real world events to learn more about how policy-makers can adequately respond to economic fluctuations. A key question throughout the class will be: should policy-makers try to “manage” economic fluctuations? If so, what are appropriate methods? We will study not only typical business fluctuations but also cases where the economy appears to collapse: depressions and hyperinflations. In addition, we will consider the implications of exchange rate movements and their effects on optimal monetary and fiscal policy.

Finally, we will cover growth theory and development: the study of how national economies grow over time. The key issue here will be to try and understand the sources of economic growth in the long-run and the tremendous disparities in incomes observed in different parts of the world.

### Required Text:

O. Blanchard, *Macroeconomics* (6th ed., UCSD custom), Pearson/Prentice Hall.

The UCSD custom edition available at the bookstore is a paperback with black and white illustrations (instead of color illustrations) and is cheaper than the hardcover edition. Either the custom edition or the hardback 6th edition updated can be used for the course.

In many instances I will not be following the text closely, so attendance in lectures is strongly recommended. I will be posting additional notes and material on the class website (TED).

### Recommended Readings:

It is recommended that students get into the habit of browsing the daily newspapers like *The Wall Street Journal* or *The Financial Times*, or the weekly magazine *The Economist* at least once every two weeks. This will provide some context for the course.

Some interesting books:

Paul Krugman, *Peddling Prosperity* and *The Accidental Theorist*

Elhanan Helpman, *The Mystery of Economic Growth*

**Course website:** <http://ted.ucsd.edu>

This is where you can access syllabus, your grades, notes, slides, solutions, etc. Importantly, students should use *TED* (*and not the e-mail*) to ask all the questions related to this class. TED is accessible to registered and waitlisted students.

### Grade Determination:

Students will have the following possibilities to demonstrate their abilities in Macroeconomics:

	<b>When</b>	<b>Weight</b>
Midterm	Tue, May 6 <sup>th</sup> (in class)	30%
Final (cumulative)	A00: Tue, June 10 <sup>th</sup> , 3.00 - 6.00pm B00: Thu, June 12 <sup>th</sup> , 7.00 - 10.00pm	65%
Excel Homework	TBA	5%

Grades for the course will be computed from a weighted average of grades on the above items, using the weights listed above. No extra-credits are available. I will provide homework problems, but these will not be turned in or graded. Some of them will be discussed in the review sessions and I will provide solutions on TED. However, working on them by yourself is *strongly recommended*. They provide excellent opportunities to apply concepts from the lectures and the material in them is likely to appear in the exams. Final grades for the class will be curved by section.

**Class policies:**

In order to establish a fair and level playing field for all involved, the following will be enforced without exceptions:

- 1) Coming to class and review sessions is entirely voluntary. No attendance will be recorded. No points for attendance will be given. However, the lectures will be more mathematical than the text, and examples related to the current economic conditions will be provided that do not appear in the textbook but are fair games for examination.
- 2) Students are expected to take all exams, to avoid a fail grade. Only in exceptional cases of serious illness or other problems, a student may be excused from an exam provided a doctor's written note or appropriate documentation is presented to the instructor *before* the exam. If a student is excused from an exam, his/her grade will be computed using relative weights identical to those above. No make-up exams will be given.
- 3) All the exams must be taken at the scheduled time and place. Students who arrive late will not receive extra time to complete their exam. Once a student completes the exam and leaves the exam room, no other student will be permitted to start the exam. No notes, books, study aids, calculators, cell phones or other personal electronic devices will be allowed during the exams.
- 4) Any re-grade consideration will be subject to three rules. First, a re-grade of one question will involve a re-grade of the entire exam. Second, exams written in pencil cannot be re-graded. Third, you have to bring your request for a re-grade to the TA in writing, explaining carefully what you think the problem is. Final deadline for a re-grade request is 48 hours after the exams are handed back to you.
- 5) Any student found guilty of academic dishonesty will earn a failing grade for the course. In addition, the standard procedures described in the UCSD general catalog will be applied. For a review of these policies, please see <http://www-senate.ucsd.edu/manual/Appendices/app2.htm>
- 6) For questions related to adding/dropping the class please refer to [TritonLink](#) or contact the undergraduate advisors in Sequoyah Hall 245.

## Tentative Class Outline

Week	Date	Topic	Text Material
1	Tue 4/1/13	Measurement	Slides, Chap. 1 & 2
	Thu 4/3/13	Recessions	Slides, Notes
2	Tue 4/8/13	Consumption Theory	Notes, (Chap. 16)
	Thu 4/10/13	Consumption Theory	Notes, (Chap. 16)
3	Tue 4/15/13	Investment Theory	Notes, (Chap. 16)
	Thu 4/17/13	Money market	Chap. 4
4	Tue 4/22/13	IS-LM	Chap. 5
	Thu 4/24/13	IS-LM (cont'd)	Chap. 5
5	Tue 4/29/13	The labor market	Notes, Chap. 6
	Thu 5/1/13	The labor market (cont'd)	Notes, Chap. 7
6	Tue 5/6/13	<b>Midterm</b>	
	Thu 5/8/13	All the markets together: the AS-AD model	Notes, Chap. 7
7	Tue 5/13/13	The AS-AD model (cont'd)	Notes, Chap. 7
	Thu 5/15/13	Assessing the model	Slides
8	Tue 5/20/13	Counter-cyclical Policy	Slides, Chap. 22
	Thu 5/22/13	Some facts of growth	Slides, Chap. 10
9	Tue 5/27/13	The determinants of growth (capital accumulation)	Notes, Chap. 11
	Thu 5/29/13	The determinants of growth (technological progress)	Notes, Chap. 12
10	Tue 6/3/13	Growth Accounting	Slides
	Thu 6/5/13	Conclusions and review	

### Final Exam (Cumulative):

Section A00 Tue, June 10<sup>th</sup>, 3.00 - 6.00pm, Room TBA  
 Section B00 Thu, June 12<sup>th</sup>, 7.00 - 10.00pm, Room TBA