

ECONOMICS 102-02: Principles of Macroeconomics

Economics 102 is the introductory course in macroeconomic analysis. Classes meet on Mondays and Thursdays from 2.50 – 4.00 p.m. in PNE 339. Economics 101 is a strict pre-requisite for this course; if you have not taken Economics 101 at Wellesley (or have not received transfer, IB or AP credit for Economics 101) you may not take the course.

The course is designed to introduce you to macroeconomics, the study of the overall economy. The topics discussed in this class fall into two categories: issues related to the growth of the economy and issues related to periodic fluctuations in the size of the economy. The course will also examine what role, if any, there is for economic policy in helping the economy grow smoothly. By the end of this semester, I hope that you can begin to intelligently assess articles on current economic issues in publications like the Wall Street Journal and the Economist.

Your success in this class is of paramount importance to me; I will be available for consultation more often than not. Office hours and contact information are as follows:

E-Mail: AWEERAPANA@wellesley.edu (Prompt responses to questions sent at a reasonable hour)

Office: 417 Pendleton East (Phone: x2300)

Office Hours: Monday, Thursday 10.00 a.m. to 11.00 a.m. and 1.30 p.m. to 2.30 p.m.

Wednesday 10.00 a.m. to noon (Or by appointment.)

Conference: Copies of problem sets, solution sets, as well as interesting economics-related links can be found on the course conference ECON102-2-F01. Please make sure you keep this conference on your First Class Desktop so that you are aware of new additions to the conference page.

The required textbook is **John B. Taylor's *Principles of Macroeconomics*, 3rd edition**, available at the Wellesley Bookstore. The book will be most useful as a reference tool and a supplement to lectures, which are the primary learning tool in this class. You should be inquisitive and read the Wall Street Journal, the New York Times and the Economist. If you find an article that catches your eye, please feel free to bring it to my attention; I will try and incorporate it into class discussions (or exams!).

COURSE REQUIREMENTS

Homework [25%]: I will assign 7 problem sets over the course of the semester: your best 6 scores on these problem sets will constitute 25% of your grade; i.e. each of you will be allowed to drop the scores of 1 problem set. Please take note of the following information

- Problem sets are handed out during class and should be handed in at the BEGINNING of class on the due date. If you do not hand in your problem set at that time, **you will not get any credit**. Solutions to the problem sets will be handed out when you turn in the problem set.
- *You must bring any grade-related discrepancies to my attention within a week after the graded problem sets are returned to you.*
- There will be no extensions granted for ANY reason. If you run into nightmare weeks during the semester, feel free to skip a problem set; I will only count the best 6 scores out of the 7 problem sets.
- You are encouraged, to work on problem sets with classmates but you **MUST** hand in your own uniquely written up assignment. Problem sets are representative of exams; you will hurt yourself by over-relying on others.

Midterms [40%]: There will be two midterms for this class; **closed-book examinations** held during regular class-hours on **Thursday, October 11th** and **Thursday, November 15th**. Each midterm will constitute 20% of your grade. There will **not** be any makeup exams unless you inform me immediately (i.e. the first 2 weeks of class).

Final Examination [30%]: The final examination is self-scheduled, comprehensive and will constitute 30% of your grade.

Class Participation [5%]: I will do my best to give informative lectures; in return I expect you to attend class, participate and ask questions, either during class or during office hours when you may feel more comfortable doing so. Class participation points are yours to lose; you can lose points only by skipping class or by showing a lack of effort. I also reserve the right to reward students who do extremely well on the final and/or show a pattern of sustained improvement throughout the semester.

GRADING: Your course grade will depend on two factors: i) the total number of points you have at the end of the semester & ii) how well your total score compares to the class as a whole. I will not be using absolute cutoffs for grades (e.g. 93+ A, 90+ A- etc.) although this will mostly work to your advantage. There is no rationing of A grades (nor of C grades!). Also remember that letter grades on exams are purely for informational purposes; I will average your point scores, not your letter grades at the end of the semester. In other words someone who scores 55/70 on the midterm may get the same letter grade as someone who scored 58/70. However, the 58/70 will be more advantageous at the end of the semester).

CLASS SCHEDULE

DATE	TEXTBOOK READINGS	TOPICS
Thursday, September 6 th	Taylor: Chapters 1 & 2	Introduction
Monday, September 10 th Thursday, September 13 th	Taylor: Chapter 5 Taylor: Chapter 5 [Problem Set 1 handed out]	National Income Accounts Part I: Measuring Output National Income Accounts Part II: Measuring Prices.
Monday, September 17 th Thursday, September 20 th	Taylor Chapter 5 Taylor: Chapter 7 [Problem Set 2 handed out]	National Income Accounts Part III: Shortcomings Economic Growth Part I: Labor
Monday, September 24 th Thursday, September 27 th	Taylor: Chapter 8 Taylor: Chapter 8 [Problem Set 3 handed out]	Economic Growth Part II: Capital Economic Growth Part III: Technology
Monday, October 1 st Thursday, October 4 th	Taylor: Chapter 16 Taylor: Chapter 16	Economic Growth Part IV: Openness and Inequality Economic Growth Part V: Growth Accounting
Monday, October 8 th Thursday, October 11 th		NO CLASS: FALL BREAK FIRST MIDTERM EXAM
Monday, October 15 th Thursday, October 18 th	Taylor: Chapter 10 Taylor: Chapter 10 [Problem Set 4 handed out]	Fluctuations Part I: The Keynesian Cross Fluctuations Part II: Multipliers
Monday, October 22 nd Thursday, October 25 th	Taylor: Chapter 11 Taylor: Chapter 11 [Problem Set 5 handed out]	Fluctuations Part III: The Aggregate Demand Curve Fluctuations Part IV: The Price Adjustment Line
Monday, October 29 th Thursday, November 1 st	Taylor: Chapter 12 Taylor: Chapter 13 [Problem Set 6 handed out]	Fluctuations Part V: The Complete Model Fiscal Policy
Monday, November 5 th Thursday, November 8 th	Taylor: Chapter 14 Taylor: Chapter 9	Monetary Policy The Federal Reserve and the U.S. Monetary System
Monday, November 12 th Thursday, November 15 th	Taylor: Chapter 15	Financial Markets SECOND MIDTERM EXAM
Monday, November 19 th Thursday, November 21 st	Taylor: Chapter 17	Comparative Advantage NO CLASS: THANKSGIVING
Monday, November 26 th Thursday, November 29 th	Taylor: Chapter 17 Taylor: Chapter 18 [Problem Set 7 handed out]	International Trade Trade Policy
Monday, December 3 rd Thursday, December 6 th	Taylor: Chapter 15	Nominal and Real Exchange Rates Exchange Rate Systems
Monday, December 10 th		Review of Course