

ECONOMICS 202: INTERMEDIATE MACROECONOMIC ANALYSIS

Economics 202 is the intermediate course in macroeconomic theory. Classes meet on Mondays and Thursdays from 1.30-2.40 p.m. in PNE 139. We will also meet in the ALT-2 time slot on Wednesdays from 2.15-3.25 p.m. in the same room.

The economics prerequisites for this course are Economics 101 and Economics 102 (or the equivalent). The course is designed to be a rigorous, model based study of intermediate macroeconomic theory. While some of the basic concepts may be familiar to you from Economics 102, this course will explore issues in greater depth and in a more technically sophisticated manner. A solid mathematical background is essential for your success in this course. Accordingly, Math 115 is also a strict prerequisite.

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. We will address these two broad topics using two macroeconomic models: the Solow growth model and the IS-LM/AD-AS model. The final section of the course addresses open economy macroeconomic issues and takes a closer look at the role of expectations in macroeconomic models.

OFFICE HOURS

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 : PNE 417 (Phone: x2300)

Office Hours : Monday/Thursday 3 to 5 pm, Wednesday 9 am to 11 am, and by appointment.

FC Conference : Copies of problem sets, solution sets etc. can be found on the course conference ECON202-1-F05 on the First Class system.

TEXTBOOK

The required textbooks are Charles I. Jones's Introduction to Economic Growth, 2nd edition and Robert E. Hall and David H. Papell's Macroeconomics, 6th edition. The textbook by Jones is for the first half of class, the book by Hall and Papell for the course as a whole, but especially for the latter half. The books are reference tools and a supplement to lectures, which are the primary learning tool in this class. Even though we will cover technical material in class, the subject matter is extremely useful for understanding real world economic issues. I will try to develop real world applications in class whenever possible. For your part, you should be inquisitive about the world: read a newspaper like the Wall Street Journal or the New York Times every day and read a periodical like Business Week or the Economist every week to stay abreast of economic developments in the United States and internationally.

COURSE REQUIREMENTS

Homework [20%]:

- This class will be work intensive. I will assign 8 problem sets over the course of the semester: your best 7 scores on these problem sets will constitute 20% of your grade.
- Problem sets will be handed out during class and should be completed and handed in at the BEGINNING of class on the due date. If you do not do so, you will not get any credit for that problem set. Solutions will be handed out on the due date in class.
- 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 a nightmare week during the semester feel free to skip a problem set. Only the best 7 scores will count.
- 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 from 1 pm to 2.50 pm on Wednesday, October 19th and on Monday, November 21st. Each midterm will constitute 20% of your grade. Please note that the Wednesday exam will run 30 minutes past the end of class time and the Monday exam will start 30 minutes before regular class time so be sure to make allowance for this in setting your work/activity schedules. Also keep in mind that the second midterm exam is during the week of Thanksgiving, please take this into account when booking travel because there will not be any makeup exams.

Final Examination [35%]: The final examination is self-scheduled, comprehensive and will constitute 35% 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. I 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 and ii) how well your total score compares to the class as a whole. There is no rationing of A grades (nor of C grades!). I will give letter grades on midterms and finals purely for informational purposes; I will average your point scores, not your letter grades at the end of the semester (i.e. 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).

COURSE TUTOR

The PLTC has assigned a dedicated tutor for this course. This semester the tutor is Susan Colton '07 (scolton@wellesley.edu). Susan will have a set time block and a variable time block in which she's available for help every week - the exact time slot will be communicated to you in the first week of class. She will be most useful as an EXTRA resource, so you should always come to me first and then go to her for ADDITIONAL help. Also, her primary responsibility is to make sure you understand the lecture material, so you should refrain from asking for her help to help complete your homework assignments.

DATE	READINGS	TOPICS
Thursday, Sep. 8th	Hall/Papell Ch. 1	1.Introduction
Monday, Sep. 12th	Jones Appendix A	2.Mathematical Preliminaries
Wednesday, Sep. 14th <i>[ALT Session 1]</i>	Hall/Papell Ch. 4.1 Jones Ch. 2.1	3.The Basic Solow Model
Thursday, Sep. 15th [PS 1 Handed Out]	Hall/Papell Ch. 4.4 Jones Ch. 2.1	4.The Solow Diagram
Monday, Sep. 19th	Jones Ch. 2.1	5.Comparative Statics using the Solow Diagram
Thursday, Sep. 22nd [PS 2 Handed Out]	Jones Ch. 3.2	6.Assessing the Basic Solow Model
Monday, Sep. 26th	Jones Ch. 2.1	7. Convergence
Wednesday, Sep. 28th <i>[ALT Session 2]</i>	Hall/Papell Ch. 6.1-6.2 Jones Ch. 3.2	8.The Golden Rule
Thursday, Sep. 29th [PS 3 Handed Out]	Hall/Papell Ch. 6.3 Jones Ch. 2.2	9.The Solow Model with Technology
Monday, Oct. 3rd	Jones Ch. 2.2	10.Comparative Statics using the Solow Diagram
Thursday, Oct. 6th [PS 4 Handed Out]	Jones Ch. 2.2	11.Assessing the Solow Model with Technology
Monday, Oct. 10th	No Class - Fall Break	
Thursday, Oct. 13th [Review ? Handed Out]	Hall/Papell Ch. 5 Jones Ch. 2.3	12.Growth Accounting and The Solow Residual
Monday, Oct. 17th	REVIEW SESSION FOR MIDTERM 1	
Wednesday, Oct. 19th <i>[ALT Session 3]</i>	FIRST MIDTERM EXAM	
Thursday, Oct. 20th	Hall/Papell Ch. 7	13. The Keynesian Multiplier
Monday, Oct. 24th [PS 5 Handed Out]	Hall/Papell Ch. 8.1	14. The IS Curve
Thursday, Oct. 27th	Hall/Papell Ch. 8.3-8.4	15. The LM Curve
Monday, Oct. 31st [PS 6 Handed Out]	Hall/Papell Ch. 8.5	16. The IS-LM Model
Wednesday, Nov. 2nd <i>[ALT Session 4]</i>	Hall/Papell Ch. 8.6-8.7	17. The Aggregate Demand/Aggregate Supply Model
Thursday, Nov. 3rd	Hall/Papell Ch. 9.2-9.3	18. The Complete Model
Monday, Nov. 7th [PS 7 Handed Out]	Hall/Papell Ch. 9.4-9.7	19. Monetary and Fiscal Policy
Thursday, Nov. 10th	Hall/Papell Ch. 9.1,17.3	20. The Phillips Curve
Monday, Nov. 14th [Review ? Handed Out]	Hall/Papell Ch. 16.3	21. Disinflation and the Phillips Curve
Wednesday, Nov. 16th <i>[ALT Session 5]</i>	Hall/Papell Ch. 10	22. Consumption Theory
Thursday, Nov. 17th	REVIEW SESSION FOR MIDTERM 2	
Monday, Nov. 21st	SECOND MIDTERM EXAM	
Thursday, Nov. 24th	NO CLASS: THANKSGIVING	
Monday, Nov. 28th	Hall/Papell Ch. 11	23. Investment Theory
Thursday, Dec. 1st [PS 8 Handed Out]	Hall/Papell Ch. 13	24. Government Purchases
Monday, Dec. 5th	Hall/Papell Ch. 13	25. Ricardian Equivalence
Wednesday, Dec. 7th <i>[ALT Session 6]</i>	Hall/Papell Ch. 12	26. The Open Economy IS-LM Model
Thursday, Dec. 8th	Hall/Papell Ch. 18	27. Fixed Exchange Rates
Monday, Dec. 12th		28. Wrapup