

University of Kentucky
Independent Study Program
Lexington, KY 40506

Economics 202
Principles of Economics II

35 Assignments
3 Semester Hours

Introduction

To be successful in this course, you should read the entire chapter first and answer all the review quizzes in the textbook. Then read the assigned portion of the text again and work through the assigned sections of the study guide for each lesson. Finally, work through each of the assignments in this course guide and also read the “Reading Between the Articles” in the text at the end of each chapter. There are also some articles in the study guide which have been assigned to you as reading material. These articles provide considerable insight into the workings of the economy and should help you relate theory to application. Doing all this work conscientiously will help you learn useful information, as well as get a good grade in this course.

Economics 202 is one of two courses in the one-year introductory sequence on the principles of economics. This course covers macroeconomics, the economics of national and international aggregates and money. The content of this independent study course is essentially the same as the course taught on campus. There are no prerequisites for this course, but you should be able to use some high-school mathematics and understand graphs. Both are used extensively in the readings and assignments. If you are unsure about your graphing skills, look over Chapter 2 in the textbook.

Objectives

The objective of Economics 202 is to give you a basic introduction to macroeconomic analysis. This course is designed to provide you with a working understanding of the macroeconomy. When you are finished you should have a good understanding of recessions, inflation, unemployment, deficits and the theories that attempt to explain these phenomena. In addition, we will consider the various remedial actions governments may pursue to keep the economy growing at a low rate of inflation. Finally, we will analyze international trade and exchange rates, analyzing the gains to free trade and what factors affect the exchange rate. My hope is this course will enable you to understand and critically analyze many of the important economic issues facing the world today.

This course and Economics 201 are the prerequisites for upper division courses in economics at the University of Kentucky. When you have finished these two courses, you will be able to take more specialized ones in areas such as labor economics, international economics, monetary economics, public finance, and economic history.

Textbook

Parkin, Michael. *Macroeconomics*, 5th Edition, Addison Wesley Longman, 1999.

Study Guide for the Textbook

Gillette, Robert, *Introductory Macroeconomics*, Hayden McNeil, 2002 - 2003

The Course

This course has been designed for independent study. In each of the ten chapters, you are given a reading assignment in the textbook and assigned corresponding work in the study guide. In the absence of classroom instruction, the study guide is being used to help explain and clarify the material in the textbook. It is **crucial** to your full understanding of the material to do all the work in the study guide (the study guide assignments are not graded).

Of course, you will find your own best method of working through this course, but I recommend the following steps:

- (1) Read the textbook assignment and get a feel for the material in the unit.
- (2) Complete all problems in each assigned portion of the study guide.
- (3) Check your answers to the study guide problems and identify your weaknesses.
- (4) Re-read the assignments more carefully, concentrating on areas that gave you trouble in the study guide assignments.

You may feel it is unnecessary to read the material twice and do the study guide questions before completing the assignments. Remember, however, in the absence of classroom instruction, your reading is more important than ever. It is common for students who simply search out answers and paraphrase the text to fail the final exam and the course. Students who achieve an understanding of the material usually do well in the course.

Grading System

Your grade in the course will be determined by your scores on the 35 written assignments and the final exam. The written assignments are each worth a maximum of 10 points - thus you may score a maximum of 350 points on your written work. The final exam is worth 300 points. The final letter grade will be determined as follows:

Total Points	Final Grade
585 and above	A
520-584	B
455-519	C
390-454	D
Below 390	E

Please note:

(1) You must score at least 150 points on the final exam to pass the course.

(2) There is no exception to this rule!!!

To encourage you to do the study guide work, some of the questions on the final exam are modeled on the multiple choice questions and problems. This also helps give you an idea of what to expect on the final exam.

Your written assignments will be returned to you as quickly as possible. I will try to point out any problems I see with your understanding of the material. If you have any problems feel free to contact me and I will be happy to help you.

OUTLINE OF ECO 202 INDEPENDENT STUDY

Unit	Title of Chapter	Chapter #	Assignments
I	A First Look at Macroeconomics	5	1,2,3
II	Measuring GDP, Economic Growth, and Inflation	6	4,5,6,7,8
III	Measuring Employment and Unemployment	7	8,9
IV	Trading With the World	19	10,11
V	Capital, Investment, and Saving	10	12,13,14,15
VI	Aggregate Supply and Aggregate Demand	8	16,17,18,19,20,21
VII	Fiscal Policy	13	22,23,24
VIII	Money	14	25,26,27,28,29,30
IX	Monetary Policy	15	31,32,33,34
X	Inflation	16	35

Two points to note are that assignment 8 has questions from both chapter 6 and 7 while assignment 30 has questions from chapters 14 and 15. More importantly, at the end of each chapter in the book, there is *a short* article (classified as “Reading Between the Lines”). These articles are relevant to the material that you have just covered in the chapter and ties theory to actual events that have taken place in the economy. Make sure you read these articles - some of the questions in the assignments are from these articles.