Problem set two. Instructor: A Moledina, Intermediate Macro.

Name: _____

Problem set two:
Economics 202: Intermediate macroeconomics.

Chapters seven to eight of Mankiw

Instructions: Answer the following question. <u>Succinct answers and complete sentences are preferred</u>. I would also prefer typewritten answers. Diagrams should be drawn in your word processing program labeled according to the standards I outlined in class. This homework <u>is due on Wednesday April 4th at the beginning of class</u>. I will not accept late homework. Please refer to the syllabus for my expectations regarding homework. Finally, at the bottom of the problem set, write this: "I have not copied any material without properly referencing it, nor have I otherwise violated academic honesty policies in preparing this problem set."   Signed, (your name). Failure to write the honor statement will result in a 10 point deduction. This problem set is worth approximately 7% of your final course grade.

1. *(100 points)* Migrants from developing countries send back $206.3 billion in 2006 to their families, according to the World Bank, nearly seven times the level of remittances in 1990. Many of these migrants are skilled. As such the migrant-sending country, often times a developing country, experiences brain drain. Do migrant remittances compensate a developing country for brain drain? Write an essay that illustrates the effect of remittances on the economic growth of a developing country.[1]

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[1] In addition to <u>applying the theories</u>, I am expecting you to conduct research. A good place to start is A Financial Times series entitled "Families across Frontiers". Published August 28, 2007. Then a natural place to research Economic issues is Econlit. Econlit is an online database available through the library that lists economics journal articles and books. Finally, you may also consult: IDEAS and NBER working papers. These are gateways for the most current working papers from a variety of institutions that conduct economic research. Links to these gateways can be found from the links section on my personal website. Your answer to this question should be between 1000-1500 words. At the end of your question, please state your word count. You will be penalized if you do not follow these instructions. Please use reputable sources for your information. You must reference your sources according to the style defined by Turabian. Please see the links section of my website for the Turabian style guide.

Helpful hints about how to organize and write a paper.

The following is a rubric that I will use to assess your paper.

Form (20 points)	Content	
	Literature (30 points)	Theory (50 points)
1. Paper is typewritten, has minimum grammatical and spelling errors and diagrams are labeled clearly in MS Word? Equations are written in Equation editor. There is a word count at the end of each question. 2. Answer has a clear argument? For example: a. Do you have a hypothesis or a side you have picked? Is it evident to the reader in the first few sentences? b. Do you outline your argument for the reader? "In this paper I will argue *C*. First I will argue *A*, then I will argue *B*. I will conclude the paper by explaining how *A and B* is related and we can conclude *C*. 3. Answer has a clear introduction, body and conclusion. 4. Answer cites evidence for assertions. 5. Cites evidence according to the Turabian style guide.	1. Answer appeals to economic research. 2. Evidence is compelling and reliable. 3. Gathers empirical economic research to come up with clear "stylized facts". 4. Demonstrates a complex understanding of the nuances of the articles. 5. Relates the articles to each other.	1. Correctly uses the economic model. 2. Correctly uses terms, concepts, theories appropriate for the analysis 3. The modeling exposition focuses on relevant information and excludes irrelevant information) 4. Shows an understanding of the assumptions of the model 5. Integrates economic theory and concepts with the stylized facts. 6. Clearly uses theory to make conclusions 7. The theoretical analysis is "novel" 8. Understands policy implications.