

Moravian College  
Department of Economics and Business  
**ECON 226: Intermediate Macroeconomics**  
Spring 2006

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**Prerequisites:** ECON 152

**Text:** Olivier Blanchard, *Macroeconomics*, Prentice Hall, 2006, fourth edition.

**Objectives:** The objective of the course is to explain the formation of the three most important macroeconomic variables: Growth, inflation, and unemployment. You will be able to:

- Use simple—and not so simple—economic models
- Appreciate the difference among models for different time horizons
- Understand fiscal and monetary policy in more depth
- Apply your knowledge to reading the popular press, especially *The Economist*

**Requirements:**

**Homework** is due every time we finish a chapter. Doing it is the best way to learn the material—and many homework problems are on the exams! Every completed homework counts for 0.5% of your grade, up to 6%; it is not graded. I distribute or post answers to all HW, and I review selected HW problems in class. Please turn in all HW before class time on the day it is due; I do not accept late HW.

Warning: Do not underestimate the importance of homework. If you fail to do it, your final grade will be two fractions of a grade lower. Moreover, you will struggle with the exams, which will endanger your grade.

To stay abreast of the news, we will read and discuss *The Economist*. I will also distribute 4 **articles** that are related to a topic we cover in class. You will find the main ideas of each article and explain how they are related to our subject matter. Please type! Each article is worth 1% of your grade.

There will be an **exam** every four to five chapters. I provide all necessary formulas on the board or a handout. The **last** exam is during final exam week. I offer either a cumulative **final** exam that focuses on the objectives listed above (with topics distributed beforehand) or an hourly exam that covers the last chapters. If you take both exams, I drop the lowest exam grade.

I give **make-ups** only in exceptional circumstances and in verifiable medical emergencies. When you find yourself in such a situation, please let me know as soon as possible. My e-mail address and phone numbers are listed above.

*Tentative exam dates:*

- Exam 1: February 7 (Tuesday)
- Exam 2: March 2 (Thursday)
- Exam 3: April 11 (Tuesday)
- Exam 4: May: Final exam time
- Final Exam May: Final exam time

A two-part **regression** project will apply your statistical skills to macroeconomic issues.

**Expectations:**

This course is a bit challenging because it is model based, but all of you can earn a good grade. All that you need is diligence and dedication. For every hour of class time, you should study an additional two hours. You must read the book and do the homework regularly. I encourage you to see me during office hours, both alone and in groups. To ease your HW and exam preparation, I post most lectures and assignments on **Blackboard**. I also encourage you to use the self-test exercises that are provided on the text website, <http://www.prenhall.com/blanchard/>.

<b>Grading:</b>	Articles.....	4%
	Homework.....	6%
	Regressions.....	8%
	Exams.....	82%

**Grading Scale:**

93 - 100: A	90 - 92.99: A-	
87 - 89.99: B+	83 - 86.99: B	80 - 82.99: B-
77 - 79.99: C+	73 - 76.99: C	70 - 72.99: C-
67 - 69.99: D+	63 - 66.99: D	60 - 62.99: D-      00 - 59.99: F

**Attendance Policy:**

Attendance does not enter your grade directly, but it influence your grade indirectly. It reinforces your reading and gives you an opportunity to participate and learn from your classmates, especially as we discuss *The Economist*.

**Academic Honesty Policy:**

I encourage you to study in groups and to discuss all homework assignments, but you must write your own homework answers. Please acknowledge all who help you with the HW! If you copy your answers from another student or if you let another student copy from you, you will receive a zero for the HW assignment. If a student asks you for a copy of your HW, do not give it to him/her. If you copy an exam answer from another student, you will receive a zero on the exam.

Please beware of plagiarism. Since you are summarizing articles, it is very tempting to rephrase the original document. Try to reformulate the information in your own words. If this is too complicated, you must use quotation marks if you lift **three** or more substantive words from the original. If you plagiarize, you earn a zero on the assignment.

Please read "Academic Honesty" in the Student Handbook.

**Schedule:**

Week of:	Topics	Text
Jan. 16	A Tour of the World A Tour of the Book The Story of Macroeconomics	Chapter 1 Chapter 2 Chapter 27
Jan. 23	The Goods Market	Chapter 3
Jan. 30	Financial Markets Review	Chapter 4 Chapters 1-4&27
Feb. 6	Exam 1 (2/7/06) Good and Financial Markets: The IS-LM Model	Chapters 1-4&27 Chapter 5
Feb. 13	The Labor Market	Chapter 6
Feb. 20	The AS-AD Model Monetary Policy	Chapter 7 Chapter 25
Feb. 27	Review Exam 2 (3/2/06)	Chapters 5-7&25 Chapters 5-7&25
March 6	Spring Break	Enjoy!
March 13	The NR of Unemployment and Phillips Curve Inflation, Activity, and Nominal Money Growth	Chapter 8 Chapter 9
March 20	The Facts of Growth The New Economy	Chapter 10 pp. 259-262
March 27	Expectations: The Basic Tools Financial Markets and Expectations	Chapter 14 Chapter 15
April 3	Expectations, Consumption, and Investment Review	Chapter 16 Chapters 8-10 & 14-16

April 10	Exam 3 (4/11/06) Depressions and Slumps	Chapters 8-10 & 14-16 Chapter 22
April 17	Should Policy Makers Be Restrained Fiscal Policy	Chapter 24 Chapter 26
April 24	Review	Chapters 22, 24, 26
May 1	Exam 4 and/or Final Exam	Chapters 22, 24, 26

The syllabus is subject to change.