

Moravian College
Department of Economics and Business
Economics 226: Intermediate Macroeconomics
Spring 2011 (T R: 1:10–2:20)

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Office Hours: M W 2:00-4:00, and by appointment

Prerequisites: Economics 152; Economics 156 is recommended

Text: Olivier Blanchard, *Macroeconomics*, Prentice Hall, 2009, fifth updated edition.
Please bring it to class every day!

Objectives: The course explains the formation of the most important macroeconomic variables: GDP and its growth, inflation, and the unemployment rate. 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 current events, especially those in *The Economist*

Requirements:

Homework is due every time we finish a chapter or read an article. Doing homework is the best way to learn the material—and some homework problems are on the exams! Every typed and completed homework counts for 0.5% of your grade, up to 8%; it is not graded. I post answers to all HW, and I review selected HW problems in class.

- If you received help or offered help to anyone else, write the name of the relevant person on your HW.
- Turn in all HW before class time on the day it is due. I do **not** accept late HW.

Three reading **assignments**:

Find a medium length economic article in a newspaper or magazine (from 2010/11) and print or Xerox it. I encourage you to look for articles with a global focus. If the article is too short or too simple, you will not earn full credit. An excellent source is *The Economist* at www.economist.com. Other good sources are *The Wall Street Journal* and *The New York Times*. The articles are due in class the Tuesday after each exam and must be related to the material that was covered on the exam. There is a late penalty is 10% per day. Each article is worth 1% of your grade.

For another 1% of your grade, **type** the chapter of your text and the topic in the chapter to which the article relates. In one sentence, state the main claim (thesis) of the article; in a few sentences, explain the article using what we have learned. Do not summarize it! An example will be posted on Blackboard.

There are three **exams**, each one covering five chapters. I provide all formulas on the board. I also offer an **optional final** exam, which you can use to replace your lowest exam grade. There are **no make-up exams**. If you miss one of the three exams, you must take the final exam. You are not allowed to use **phones** or to **leave** the room during an exam. Doing so results in zero points on the exam.

Tentative exam **dates:** Exam 1: February 17 (Thursday)
 Exam 2: March 24 (Thursday)
 Exam 3: April 21 (Thursday)
 Final Exam: May 4, 1:30 PM

Two short **regression** projects are assigned in connection with Chapters 8 and 9. A primer on econometrics appears on pp. A-12-A-16.

You must **keep** all materials (HW, reading assignments, and exams) that I have checked until you receive your final grade.

Expectations:

Some of you will find economics a bit challenging, but all of you can earn a good grade. For every one hour of class time, you are expected to study an additional two hours. You must read the book and do the homework regularly, and you must study the homework assignments before each exam. I encourage you to see me during office hours, both alone and in groups. To ease your HW and exam preparation, I post slides and make announcements on *Blackboard*. Please check before each class!

Grading: Homework.....8%
 Articles.....6%
 Regressions.....8%
 Three exams.....78%

Grading Scale:

100+	A+	93 - 100.0: 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-	0 - 59.99: F

If half the class does not earn As and Bs, I **curve** the exams accordingly.

Attendance Policy:

I urge you to come to class regularly! Attendance does not enter your grade directly, but it matters indirectly. You will get a better sense of what is important. Listening to lectures and reading the text reinforce one another. Moreover, attendance allows you to interact with your classmates and learn from them.

Academic Honesty Policy:

I encourage you to study in groups and to discuss all homework, but you must write your own answers **and** the names of all students in the study group on your homework. If you copy your answers from existing handouts, another student, or the web, you will receive **zero** for the whole HW assignment. If you let another student copy from you, you will also receive **zero** for the whole HW assignment or exam. Note that the punishment is the same for both parties. I offer this advice: If a student asks you for a copy of your HW, do not give it to him/her. Be nice and agree to offer verbal help.

Beware of **plagiarism!** If you are lifting phrases (three words or more) or definitions from the textbook or the web, use quotations marks and provide the page number or the URL. Changing **a few words** in the original is still plagiarism. All **figures** must be accompanied by a source. (E.g., in the third quarter of 2011, GDP in Iceland grew 0.5%. (*The Economist*, 12-18-10, p. 141)) If you fail to use quotes or to provide a proper citation, you will get **zero** for the HW or assignment.

Schedule:

Week of:	Topics	Text
Jan. 17	A Tour of the World The Global Recession http://www.economist.com/markets/bigmac/ A Tour of the Book "Grossly Distorted Picture"	Chapter 1 Chapter 28-1 Chapter 2 <i>Economist</i> , 3-15-08
Jan. 24	The Goods Market John Maynard Keynes The Open Economy	Chapter 3 Chapter 18-1
Jan. 31	Financial Markets Housing Prices & Amplification	Chapter 4 Chapter 28-2&3
Feb. 7	Good and Financial Markets: The IS-LM Model The Story of Macroeconomics	Chapter 5 Chapter 27-1
Feb. 14	Review Exam 1 (2-17-10)	Chapters 1-5 & 28 Chapters 1-5 & 28
Feb. 21	The Labor Market Article 1 (2-22-10) The AS-AD Model	Chapter 6 Chapter 7
Feb. 28	Phillips Curve Flexicurity http://csis.org/files/media/csis/pubs/future_watch_10-06.pdf	Chapter 8 (parts)

March 7	Spring Break	
March 14	Okun's Law The Story of Macroeconomics Rational Expectations The Facts of Growth	Chapter 9 (parts) Chapter 27-2&3 p. 365 Chapter 10
March 21	Review Exam 2 (3-24-10)	Chapters 6-10 Chapters 6-10
March 28	Article 2 (3-29-10) Depressions and Slumps "Making a Success of Failure"	Chapter 22 <i>Economist</i> , 1-9-10
April 4	Macroeconomic Crisis A Natural Experiment High Inflation	Chapter 28-4&5 <i>JEP</i> , Fall 2005, 145-150 Chapter 23 (parts)
April 11	Monetary Policy Fiscal Policy The Story of Macroeconomics	Chapter 25 (parts) Chapter 26 (parts) Chapter 27-5
April 18	Review Exam 3 (4-21-10)	Chapters 22, 23, 25, 26 & 28 Chapters 22, 23, 25, 26 & 28
April 25	Article 3 (4-26-10) Review	Chapters 5, 8, 9, 22 & 28
May 4	Final Exam (1:30 PM)	Chapters 5, 8, 9, 22 & 28

You are responsible for following the rules stated on the syllabus

The syllabus is subject to change