ECON 304 (101) INTERMEDIATE MACROECONOMICS  
Fall Semester 2014, Tue & Thur 10:00 – 11:15 AM, CLC 322

Catalog Description
This course develops the framework used by economists in government, business and academia to analyze the key determinants of economic growth, the business cycle, unemployment, inflation, the level of interest and exchange rates, as well as explaining how all these variables are influenced by monetary and fiscal policy.

Outcome: The students are able to understand and critically analyze business cycles, financial market fluctuations, and to study inflation and unemployment policies.

Course Overview
The goals of the course are to make you familiar with key economic data, to teach you to use macroeconomic theory to interpret macro data, and to give you an understanding of how monetary and fiscal policy influences and responds to economic activity. You will learn the framework that many economists in business and government use in trying to make sense of the economy. The topics discussed are the everyday news of the financial pages: real GDP, employment, exchange rates, interest rates, stock market, wages etc... it’s a “big picture course”. It is also a "tools course" which we'll learn to use by thinking about historical and current events.

Course Objectives and Learning Outcomes

1. To understand key macroeconomic indicators.

2. To understand the standard macroeconomic framework used by most government, academic and business economists

3. To understand how to use the standard macroeconomic framework to interpret macroeconomics data and understand the competing narratives about the current and possible future states of the economy.

Required Materials:

1. Macroeconomics, 6th Edition by Olivier Blanchard and David Johnson

2. Problems sets and other course materials are available on Sakai. The exam questions will be similar to the problems sets.

Grades: Your final grade will be based on the problem sets (10%), the results of two mid-term exams (27% @) and a final exam (36%). The exam questions will be similar to problem sets for readings and class meetings.

The problem sets: For each class meeting and readings there is a problem set on Sakai in the “Resources” file. It will be useful for you to have the problem set at hand during lectures and while you do the reading. This way you can answer the questions as you go which will make the process much more efficient! Each problem set is due the beginning of the meeting for the next set. For example, Econ 3304 Prob set meetings 1, 2& 3.doc is due the beginning of meeting 4. Econ 304 Prob set meetings 4 & 5.doc is due the beginning of meeting 6 and so on. There are a total of 11 problem sets. You need to hand in at least 10 sets to potentially get 100% on the problem sets. NO LATE PROBLEM SETS ARE ACCEPTED.

Grading Scale
90-100=A, 85-89=A-, 80-84=B+, 75-79=B, 70-74=B-, 65-69=C+, 60-64=C, 55-59=C-, 50-54=D+, 45-49=D, 0-44=F. Make-up exams will not be given unless you have a valid reason, supported by a letter from the dean of your college.

Extra Credit
The only form of extra credit granted in the course is as follows: If you do better on the 2nd exam than on the 1st exam, then half of the improvement in your 2nd exam score (2nd exam score – 1st exam score) will be added to your 1st exam score. If you do better on the final exam than on the 2nd exam, then half of the improvement in your final exam score (final exam score – 2nd exam score) will be added to your 2nd exam score.

Quinlan School of Business Policies:

Attendance: Class attendance and participation are fundamental components of learning, so punctual attendance at all classes, for the full class meeting period, is expected of Quinlan students. Faculty may set participation policies unique to their courses and use class participation as a component of the final grade. The student is responsible for any assignments or requirements missed during an absence. In Econ 202 you will be called on in class to answer questions. Be prepared!

Make-Up Examinations: Loyola University academic policy provides that tests or examinations may be given during the semester or summer sessions as often as deemed advisable by the instructor. Because Quinlan faculty believe examinations represent a critical component of student learning, required examinations should be taken during the regularly scheduled class period. Make-up examinations are discouraged. Exceptions may be granted only by the faculty member or department chair, and only for unavoidable circumstances (illness verified by a signed physician’s note, participation in intercollegiate athletic events, subpoenas, jury duty, military service, bereavement, or religious observance). A make-up final examination may be scheduled only with the permission of the appropriate Quinlan Assistant or Associate Dean.
HOWEVER for Econ 304, make-up exams will NOT be given after the graded exams are handed back to the class

Academic Integrity: All members of the Quinlan School shall refrain from academic dishonesty and misconduct in all forms, including plagiarism, cheating, misrepresentation, fabrication, and falsehood…Plagiarism or cheating on the part of the student in individual or group academic work or in examination behavior will result minimally in the instructor assigning the grade of “F” for the assignment or examination. In addition, all instances of academic dishonesty must be reported to the chairperson of the department involved.

For further information about expectations for academic integrity and sanctions for violations, consult the complete Quinlan School of Business Honor Code and Statement of Academic Integrity on the Quinlan website:

Course Outline

Class meeting 1, 2 & 3: Introduction to macroeconomics
Reading: Blanchard chapters 1 & 2
Homework: Econ 304 Meeting 1, 2 & 3 problem set.doc

Class meeting 4 & 5: The Goods Market
Reading: Blanchard chapter 3
Homework: Econ 304 Meeting 4 & 5 problem set (goods market).doc

Class meeting 6 & 7: Financial Markets
Reading: Blanchard chapter 4
Homework: Econ 304 Meeting 6 & 7 problem set (financial market).doc

FIRST EXAM: 8th class meeting Thursday September 18th

Class meeting 9, 10, & 11: ISLM model
Reading: Blanchard chapter 5
Homework: Econ 304 Meeting 9, 10 & 11 problem set (ISLM).doc

Class meeting 12 & 13: Labor Market
Reading: Blanchard: Chapter 6
Homework: Econ 304 Meeting 12 & 13 problem set (labor market).doc

Class meeting 14, 15 & 16: Aggregate Supply and Aggregate Demand
Reading: Blanchard chapter 7
Homework: Econ 304 Meeting 14, 15 & 16 problem set (ASAD model).doc

SECOND EXAM: 17th meeting Thursday October 23th (Last day to drop without WF, Friday, Oct 31st midnight)

Class meeting 18, 19 & 20: Fisher equation, Taylor rule, natural real interest rate, IS-MP AS – AD model: The Great Inflation of the 1970s and the disinflation of the 1980s
Reading: Lecture notes
Homework: Econ 304 Meeting 18, 19 & 20 problem set (ISMP ASAD model).doc
Class meeting 21&22: Intro to open economy macroeconomics: exchange rates, uncovered interest parity
   Reading: Blanchard ch 18
   Homework: Econ 304 Meeting 22 Problem Set (Exchange rate & UIP).doc

Class meeting 23& 24: Open economy ISLM
   Reading: Blanchard Chapter 20
   Homework: Econ 304 Meeting 23 Problem Set (Open Econ ISLM).doc

Class meeting 25 & 26: Depressions and Slumps
   Reading: Blanchard (5th edition and earlier) Chapter 22 & lecture notes
   Homework: Econ 304 Meeting 25 & 26 Problem Set (Depressions and slumps).doc

Class meeting 27 & 28: 2nd Great Contraction
   Homework: Econ 304 Meeting 27 & 28 Problem Set (2nd Great contraction).doc

FINAL EXAM: Tuesday December 9th  1-3pm