ECON 304 (102) INTERMEDIATE MACROECONOMICS
Fall Semester 2018, Tue & Thu 11:30 -12:45 AM SC 605

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Office Hours: Tuesday & Thursday, 2-4 PM and by appointment
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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. Econ 201 & 202 are prerequisites.

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

Course Overview
This course will make you familiar with key economic data, teach you to use macroeconomic theory to interpret macro data, and 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, financial crisis etc... It is 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, 7th Edition by Olivier Blanchard
2. Problems sets and other course materials are available on Sakai. The exam questions will be similar to the problems sets.

Additional recommended reading: In addition to the reading in Blanchard, keeping up with the latest economic data should make the course more interesting. For economic news see for example http://money.cnn.com/. For daily economic commentary and analysis see, http://macrodigest.com/. For economic data see: https://research.stlouisfed.org/fred2/

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.

Bring a calculator to the exam. You may not use cell phones during the exam.

I recommend taking lecture notes by hand. Taking notes by hand is scientifically proven to enhance learning. When I ask questions, an open laptop will be interpreted as a raised hand. So be prepared!

Homework: For each class meeting and readings there is a homework problem set on Sakai in the “Resources” file. It will be useful for you to have the homework 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 304 Problem set meetings 1, 2 & 3.doc is due the beginning of meeting 4. Econ 304 Problem set meetings 4 & 5.doc is due the beginning of meeting 6 and so on. There are a total of 13 problem sets. You need to hand in at least 12 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.
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.

MAKE-UP EXAMS WILL NOT BE GIVEN AFTER 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: Introduction to macroeconomics
Reading:
Blanchard Chapter 1 (A Tour of the World)
Blanchard Chapter 2 (A Tour of the Book)
“Why GDP is a poor measure of progress”: http://www.economist.com/blogs/economist-explains/2016/05/economist-explains-1
Homework (due meeting 4): Econ 304 Meeting 1, 2 & 3 problem set.doc

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

Class meeting 5, 6 & 7: Financial Markets I
Reading:
Blanchard Chapter 4 (Financial Markets)
“Negative interest rates”: http://www.brookings.edu/blogs/up-front/posts/2016/04/11-negative-interest-rates
“How the Fed will raise interest rates”: http://www.brookings.edu/blogs/up-front/posts/2015/04/10-how-fed-will-raise-rates-explained
Homework (due meeting 7): Econ 304 Meeting 5 6 & 7 problem set (financial market).doc
FIRST EXAM: 8th class meeting Thursday September 20th

Class meeting 9 & 10: ISLM model
Reading: Blanchard Chapter 5 (The ISLM Model)
Homework (due meeting 11): Econ 304 Meeting 9 & 10 problem set (ISLM).doc

Class meeting 11 & 12: Financial Market II: The extended ISLM model
Reading:
Blanchard Chapter 6 (Financial Markets II)
“Quantitative Easing” : http://www.brookings.edu/blogs/up-front/posts/2015/01/21-how-does-qe-work-whats-it-accomplish-wessel
Homework (due meeting 13): Econ 304 Meeting 11 & 12 problem set.doc

Class meeting 13: Labor Market
Reading:
Blanchard Chapter 7 (The Labor Market)
Homework (due meeting 14) Econ 304 Meeting 13 problem set (labor market).doc

Class meeting 14: The Phillips Curve, the natural rate of unemployment and inflation
Reading:
Blanchard Chapter 8
“What are market inflation expectations and why do they matter?”
Homework (due meeting 15): Econ 304 Meeting 14 problem set.doc

Class meeting 15 & 16: The IS-LM-PC model
Reading:
Blanchard Chapter 9
Homework (due meeting 16): Econ 304 Meeting 15 & 16.doc

SECOND EXAM: 17th meeting Thursday October 25th (Last day to drop without WF, Friday, Nov 2nd midnight)

Class meeting 18 & 19: Intro to open economy macroeconomics: exchange rates, uncovered interest parity
Reading: Blanchard Chapter 17
Homework (due meeting 20): Econ 304 Meeting 18 & 19 problem set.doc

Class meeting 20 & 21: Goods Market in an open economy
Reading: Blanchard Chapter 18
Homework (due meeting 22): Econ 304 Meeting 20 & 21 Problem Set.doc

Class meeting 22 & 23: Open Economy IS LM, Exchange Rate Regimes
Reading: Blanchard Chapter 19  
Blanchard Chapter 20

Homework (due meeting 24): Econ 304 Meeting 22 & 23 Problem Set.doc

Class meeting 24 & 25: Government debt
Reading:
Blanchard Chapter 22

Homework (due meeting 26): Econ 304 Meeting 24 & 25 Problem Set.doc

Class meeting 26 & 27: Monetary Policy: A Summing Up
Reading:
Blanchard Chapter 23
“Why central banks are talking about throwing money from helicopters“:  
http://www.economist.com/blogs/economist-explains/2016/05/economist-explains
“Why giving politicians influence over monetary policy is a bad idea“:  

Homework (due meeting 28): Econ 304 Meeting 26 & 27 Problem Set.doc

Class meeting 28: Review for final exam

FINAL EXAM: Tuesday December 11th 9-11am