

**MACROECONOMIC ANALYSIS**  
**ECON 318**  
**Section 01**  
**Tuesday and Thursday 1050-1205**  
**Beatty Center 214**  
**1.9.2023**

Prof. Frank Hefner  
Spring 2023  
Office Hours: 12:30- 2:00 Tuesdays and Thursdays  
and by appointment

Office: Beatty 425  
Phone: 843-953-8111  
[hefnerf@cofc.edu](mailto:hefnerf@cofc.edu)

**ECON 318 Macroeconomic Analysis (3)**

A study of classical, Keynesian, and modern economics involving the issues of consumption, monetary and fiscal policy, growth, interest and liquidity.

*Prerequisite(s):* [ECON 200](#), [ECON 201](#), [MATH 104](#) or [MATH 250](#), [MATH 116](#) or [MATH 120](#); or permission of the instructor.

**INTRODUCTION – What this course is all about**

Model building will be emphasized in this course. This is a lecture based course. We will roughly follow the text, but not always. The text is a supplement to the lectures. The classical model will be covered first, including traditional growth theory and the quantity theory of money. Keynes will be introduced by way of the Keynesian Cross. The IS curve will be developed graphically from the 45 degree model. Liquidity preference will be introduced. Using the supply and demand for liquidity, the LM curve will be derived. Monetary and fiscal policy will be discussed. Introducing flexible prices will allow us to develop the AD curve. Finally the AS curve will be added to complete the neo-classical synthesis. The emphasis will be on the application of models to various macroeconomic issues. The international component will be discussed throughout the course. We live in interesting macro times. We will discuss current topics as they come up. Unfortunately, we cannot wait until the end of the course when we have the full macro model at our disposal to analyze these topics. So you will have to develop the knack of analyzing the problem using the model at hand, and then modify your analysis as we learn more about macro models. Exams will consist mostly of problems and essays.

**GOALS – By the end of this course, students should be able to do the following:**

- explain how to measure economic activity and how to evaluate economic performance
- describe the differences between the various schools of macroeconomic theory.
- explain macroeconomic policy: fiscal and monetary
- discuss the effects of trade, exchange rates, and government deficits
- critically apply macroeconomic models to analyze current issues

All College of Charleston policies and procedures are followed in this course.

## TEXTS

*Macroeconomics: Theories and Policies* by Richard Froyen (10<sup>th</sup> edition)

Note: There is an e-book rental available also.

[Macroeconomics: Theories and Policies \(Subscription\) | 10th edition | Pearson](#)

Earlier editions are acceptable.

Recommended: *Macroeconomics* Diulio (Schaum's Outlines)

**Other reading materials may be assigned. Lectures loosely follow the text.**

## GRADING AND EXAMS

	Weight
Exam 1 (Feb. 21)	100
Exam 2 (March 19)	100
Homework	100
Paper (April 27)	100
Final Exam (April 29: 1:00pm-3:00pm)	100

Grading Scale	A	= 90 - 100 %
	B+	= 87 - 89
	B	= 80 - 86
	C+	= 77 - 79
	C	= 70 - 76
	D+	= 67 - 69
	D	= 60 - 66
F	< 60	

**Grading Formula:** (Exam 1 + Exam 2 + Homework + Paper + Final + Extra Credit)/5

**EXTRA CREDIT:** From time to time, very interesting speakers come to the business school. Attending one of the approved lectures and writing up an analysis of the presentation will count for 10 additional points to your semester total, with a limit of 4. Papers must be typed (double spaced, 12 point font, include a cover page that includes your name, the course, date of lecture, name of presenter and topic). Papers are to be turned in at the beginning of class or earlier. Generally an acceptable length is 1-2 pages. The write up is due in the next class immediately after the extra credit lecture.

**Grades are not curved.**

The midterm grade required by the College will be the grade on Exam 1.

The Office of the Registrar publishes the official date and time for the final exam.

Jeopardy contestants (TV quiz show) who answer a question which initially is considered to be correct have their scores reduced when the judges determine the answer was actually incorrect (or increased if the judges find the initial answer was correct). I reserve

the right to do the same in my grading. A posted grade may be modified based on a re-evaluation of the answer. The goal is to accurately grade the answer, thus the correction may add or subtract points from the initial grading.

**You should plan to spend approximately 6 hours outside of class studying and/or completing assignments per week for this course. (2 hours for every hour of instruction.)**

***Grade Appeals Process:***

Do not approach me with grade questions during class, or in the few minutes before or after class. These discussions should take place in person (face to face via zoom).

This communication must occur within 5 business days after receiving your grade.

Keep track of your grades. I return all assignments.

**E-MAIL:** I attempt to respond to e-mail messages during normal business hours (Monday- Friday 8-5). Put the course number in the subject line with the topic: ECON 318 Question, for example. You should schedule appointments with me via e-mail. I will not respond to requests for grades. Assignments are not accepted by e-mail.

**ATTENDANCE and ASSIGNMENTS:** You are expected to attend class. Students who miss class regularly typically do not pass this course. Late assignments are not accepted and will result in a grade of zero. Missed papers and exams may be completed with an approved absence from the professor. You are responsible for all material covered in class. A missed quiz or exam without an excused absence counts as a zero. Assignments are due at the beginning of class (or earlier), unless otherwise specified.

**Computer failure/unavailability may not be an acceptable excuse for not completing the assignments by the due date.** Remember Murphy's Law. You can always submit your work early.

**CLASS DECORUM:** Normal classroom behavior is expected. Turn off cell phones and beepers before class starts. This means no texting during class time. Cell phones should not be visible. No laptop computers may be used in class without the explicit permission of the instructor.

**GENERAL INFORMATION:** Course policies may be changed during the semester. Any changes will be announced in class. You are responsible for all material covered in class. Lectures may or may not follow the text. Additional reading material may be assigned during the class. You will be tested on assigned reading and lecture material. If there is a student in the class who has a documented disability and has been approved to receive accommodations through the Center for Disability Services / SNAP, please contact me.

## **GENERAL CONTENT:**

### Review of Classical Macroeconomics

- Growth theory

- Micro approach to markets

  - Supply and Demand

    - Fixed and flexible prices

    - Factor demands

      - Labor

      - Loanable funds

  - International Trade

    - Foreign exchange

      - Exchange rate regimes

      - Argentina Case Study (convertibility)

    - Factor Mobility

    - International Fisher Relationship

    - Hume price-specie flow model

    - Twin Deficits Theory

    - Balance of Payments

  - Classical money

    - Quantity theory of money

  - Supply and demand again

    - Bond price model

      - Effects of risk and inflation

    - Operation Twist

    - Money supply and demand (Keynes's liquidity preference approach)

### Introduction to business cycles

#### The Keynesian Approach

- 45 degree model

- Fiscal policy

#### IS-LM models

- Fiscal and monetary policy

#### AS-AD models

- Phillips curve: short run and long run

#### Policy Issues

- Stabilization policy

- Debt and deficits

#### Financial crises and the crisis in Macroeconomics

- Panic of 1907

- The Great Depression

- The Great Recession

- The Pandemic

*Note: The syllabus may be modified during the semester as events warrant.*

*Generic Syllabus Material Spring 2023*

**ECON 318**

**1. COLLEGE OF CHARLESTON HONOR CODE AND ACADEMIC INTEGRITY:**

Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student's actions are related more to a misunderstanding will be handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed both by the instructor and the student, will be forwarded to the Dean of Students and placed in the student's file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Students. A student found responsible by the Honor Board for academic dishonesty will receive a XF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student's transcript for two years after which the student may petition for the X to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration--working together without permission-- is a form of cheating. Unless the instructor specifies that students can work together on an assignment, quiz and/or test, no collaboration during the completion of the assignment is permitted. Other forms of cheating include possessing or using an unauthorized study aid (which could include accessing information via a cell phone or computer), copying from others' exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

Students can find the complete Honor Code and all related processes in the *Student Handbook* at <http://deanofstudents.cofc.edu/honor-system/studenthandbook/>

**IMPACT ON GRADE IN THIS COURSE:** All students are expected to adhere to the College Honor Code. This includes plagiarism. In addition to penalties that may be imposed on you by the honor board of the College of Charleston; in the case of plagiarism you will receive a grade of zero for the written component of the semester

grade. In the case of other violations of academic integrity you will receive an F for the semester.

## 2. SPECIAL NEEDS: <http://disabilityservices.cofc.edu/>

The College will make reasonable accommodations for persons with documented disabilities. Students should apply at the Center for Disability Services / SNAP. Students approved for accommodations are responsible for notifying me as soon as possible and for contacting me one week before an accommodation is needed

If there is a student in the class who has a documented disability and has been approved to receive accommodations through the Center for Disability Services / SNAP, please contact me.

If you have any concerns about the class, please contact me.

## 3. CENTER FOR STUDENT LEARNING AND WRITING LAB

I encourage you to utilize the Center for Student Learning's (CSL) academic support services for assistance in study strategies and course content. They offer tutoring, Supplemental Instruction, study skills appointments, and workshops. Students of all abilities have become more successful using these programs throughout their academic career and they are available to you at no additional cost. CSL also provides a writing lab where trained writing consultants can help with writing for all courses; they offer one-to-one consultations that address everything from brainstorming and developing ideas to crafting strong sentences and documenting sources. For more information regarding these services please visit the CSL website at <https://csl.cofc.edu/>

I encourage you to take advantage of the Writing Lab in the Center for Student Learning (Addlestone Library, first floor). Trained writing consultants can help with writing for all courses; they offer one-to-one consultations that address everything from brainstorming and developing ideas to crafting strong sentences and documenting sources. For more information, please call 843.953.5635 or visit <http://csl.cofc.edu/labs/writing-lab/>.

## 4. SCHOOL OF BUSINESS LEARNING GOALS:

**COMMUNICATION SKILLS:** Students will demonstrate the ability, via both written and spoken word, to effectively present, critique, and defend ideas in a cogent, persuasive manner.

**QUANTITATIVE FLUENCY:** Students will demonstrate competency in logical reasoning and data analysis skills.

**GLOBAL AND CIVIC RESPONSIBILITY:** Students will be able to identify and define social, ethical, environmental and economic challenges at local, national and

international levels. Students will also be able to integrate knowledge and skills in addressing these issues.

**INTELLECTUAL INNOVATION AND CREATIVITY:** Students will be able to demonstrate their resourcefulness and originality in addressing extemporaneous problems.

**SYNTHESIS:** Students will demonstrate the ability to integrate knowledge from multiple disciplines incorporating learning from both classroom and non-classroom settings in the completion of complex and comprehensive tasks.

**Demonstration of achievement** will be through completion of writing assignments, quizzes, and examinations.

ECON 318 uses graphical analysis which emphasizes **quantitative and logical ability**.

ECON 318 covers **international** issues, such as trade and finance.

ECON 318 requires **intellectual innovation and creativity** as students apply macro models to new situations.

## **5. DEPARTMENT OF ECONOMICS LEARNING GOALS:**

### **Understanding Major Economic Problems**

Students demonstrate an understanding of the major economic problems facing society and the policy alternatives which may be utilized to contend with these problems. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

### **Quantitative Fluency**

Students demonstrate the ability to draw insights about economic behavior from the application of mathematical tools. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

### **Synthesis**

Students demonstrate the ability to access existing knowledge by retrieving, assembling, and organizing information on particular topics and issues in economics. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

### **Communication Skills**

Students demonstrate the ability to clearly communicate the analysis of an economic issue. Supports Strategic Initiative 1: Enhance the undergraduate academic core.

This course attempts to meet all of the Departmental learning goals.

## 6. OAKS

OAKS, including Gradebook, will be used for this course throughout the semester to provide the syllabus and class materials and grades for each assignment, which will be regularly posted.

## 7. RECORDING OF CLASSES (via ZOOM)

Class sessions **may** be recorded via both voice and video recording. By attending and remaining in this class, the student consents to being recorded. Recorded class sessions are for instructional use only and may not be shared with anyone who is not enrolled in the class. Recordings are not posted and are available in the event of an excused absence.

## 8. INCLEMENT WEATHER, PANDEMIC OR SUBSTANTIAL INTERRUPTION OF INSTRUCTION

If in-person classes are suspended, faculty will announce to their students a detailed plan for a change in modality to ensure the continuity of learning. All students must have access to a computer equipped with a web camera, microphone, and Internet access. Resources are available to provide students with these essential tools.

In the event the course goes online then the following statement applies:

**Computer failure/unavailability may not be an acceptable excuse for not completing the assignments by the due date.** Remember Murphy’s Law. You can always submit your work early. In the event the course goes online, assignments are to be submitted via dropbox on OAKS. Only the following file types are acceptable: .doc .xls .pdf  
Photos of your work are not acceptable (jpeg or other types).

## 9. CELL PHONE and COMPUTER USAGE

Regarding cell phone: Research at the University of Texas “found that someone’s ability to hold and process data significantly improved if his or her smartphone was in another room while taking a test to gauge attentional control and cognitive processes. Participants who kept their phones in a pocket or bag also outperformed those who kept their phones on the desk while taking the same test. Again, even if the phone was turned off and face down on the desk, the mere sight of one’s own smartphone seemed to induce “brain drain” by depleting finite cognitive resources.” “One of the most valuable takeaways from this study is that it doesn’t seem to matter whether your smartphone is turned on or off—or whether it’s face up or face down on a desk close to you...Just having your smartphone within sight can reduce your proficiency on cognitive tasks that require your undivided attention. Luckily for all of us, putting your smartphone in another room, a pocket, or the bottom of a bag seems to be an easy remedy for this problem.”

(Christopher Bergland, Psychology Today, Are Smartphones Making Us Stupid?” posted June 25, 2017. Bergland summarizes the following paper: Adrian F. Ward, Kristen Duke,



Ayelet Gneezy, Maarten W. Bos. Brain Drain: The Mere Presence of One's Own Smartphone Reduces Available Cognitive Capacity. Journal of the Association for Consumer Research)

No laptop computers may be used in class without the explicit permission of the instructor

**10. Covid Policies:** The College policies and procedures regarding COVID may be found at the following web site: [Back on the Bricks - College of Charleston \(cofc.edu\)](https://www.cofc.edu/back-on-the-bricks)

*All College policies apply to this course.*