# ECON 3130-02 INTERNATIONAL (MACRO)ECONOMIC EVENTS and BUSINESS DECISIONS

Seattle University

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<tr>
<th>Winter, 2014</th>
<th>C. Fred DeKay, Ph.D.</th>
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<tr>
<td>M, W; 3:40-5:45 pm</td>
<td>(206)-296-5709</td>
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<tr>
<td>Room: 102</td>
<td>Office: P 521</td>
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<tr>
<td>Office hours: M, W: 1:30-3:20 pm and by appt</td>
<td><a href="mailto:dekay@seattleu.edu">dekay@seattleu.edu</a></td>
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**Textbook & Required Readings:**

- The Wall Street Journal, or The Economist or other financial press.

Student subscriptions to WSJ or The Economist can be found at:

- [WSJ:](https://wsj-wpp151.sheerid.com/?trackCode=aap1hybd)
- [The Economist](https://subscriptions.economist.com/GLB/ECOM/NA/?tagsrc=/GLB/SLG/NA&rnd=52ccd03a08d20&country=US&sub_type=student&absplitsrc=/GLB/SLG&abrnd=52ccd03868d39)

Students are expected to follow current developments in both the U.S. and world economy.

**Description:**

INTERNATIONAL (MACRO)ECONOMIC EVENTS and BUSINESS DECISIONS is an intermediate level macroeconomics course dealing with domestic and international economic events, analysis and policy as they apply to managerial decision-making. The course prepares professional managers to understand how policies and events affect national income, business activity, unemployment, inflation and interest rates, so that they can make better informal short-run forecasts and better business decisions. The art of fiscal and monetary policymaking will also be explored along with their inherent political trade-offs, incentives and constraints. Several formal economic models are employed to illustrate relationships and illuminate differences of opinion within the profession. Class discussion will be related and applied to topics of interest in the news.

**Grading:**

Regular class attendance is encouraged, however students bear the ultimate responsibility for comprehensive coverage of the material. The basis for grading will be:

- 30 pts Homework and oral presentations. Late homework will be penalized 50%.
- 50 pts 2 quizzes
- 100 pts Midterm
- 120 pts Final

Class discussion may be considered at the discretion of the instructor. Homework assignments are designed to help you develop an understanding of and a focus on key material. Randomly chosen portions of homework assignments will be graded. For exams, students may use 1-page (front & back) of hand written notes on an 8.5’ x 11’ sheet. A make-up quiz and midterm will be scheduled immediately after the final exam. The schedule and procedures in this course are all subject to change in the event of circumstances beyond the instructor’s control. Your travel plans should not conflict with the final exam time.
Class Presentations: A primary purpose of this class is to enhance your ability to monitor, read, and interpret news articles about macroeconomic topics. Once during the quarter each student will discuss during class for 2-3 minutes, a current macroeconomic data report, idea, issue, or article from a business news source. To avoid duplication, THIS TOPIC MUST BE APPROVED BY the instructor before you prepare it. Useful internet sources may include: http://www.nber.org National Bureau of Economic Research, www.economist.com, http://www.wsj.com, cbs.marketwatch.com, and abcnews.com. The item you discuss should have appeared within the last week or two. Sample presentations can be found on Angel. A list of potential topics appears in the Chapter 1 Power Point presentation. In addition, each week, each student will identify and read at least one report or article on a current macroeconomic data release. Each student will maintain a list of the articles read and submit that list whenever requested by the instructor and also at the last class meeting.

If you have, or think you may have, a disability (including an ‘invisible disability’ such as a learning disability, a chronic health problem, or a mental health condition) that interferes with your performance as a student in this class, you are encouraged to arrange support services and/or accommodations through Disabilities Services staff in the Learning Center, Loyola 100, (206) 296-5740. Disability-based adjustments to course expectations can be arranged only through this process.

I expect that student behavior will conform with the Seattle University Academic Honesty Policy.

**HONOR CODE:** Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process and that violations in this area should be dealt with in an appropriate manner.

**Laptop policy:** Use of electronic devices in class must be related to class work and not be distracting to other students.

**TENTATIVE COURSE SCHEDULE**

**Homework strongly affects performance on exams.** Be sure to read the assigned materials before class. Even if you don’t manage to entirely master a concept before class, reading will introduce you to the topics and will lead to a much more productive discussion in class. Class time will be spent exploring theories and the relationships between macroeconomic concepts. Students who have done the reading in advance tell me that they find the lectures much more valuable. Exams will include questions on the readings, even if not discussed in class. Students are responsible for adjustments to this schedule that are announced in class.

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<tr>
<th>Date</th>
<th>Topics and Assignments</th>
<th>Readings</th>
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<td>2. 1/12,</td>
<td>Measuring the economy, continued.</td>
<td>Dornbusch, <strong>Ch 7</strong>, p152-174, Ch 8, p.176-185; <strong>Ch. 3</strong>, p53-61 Box 3.3:p 64-65</td>
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<td>1/14</td>
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<td>Macro Data Presentations. Problem Set on price indices handed out. Due 1/21.</td>
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<td>3. 1/19</td>
<td>Quiz 1: Holiday 1/19 Mon. No Class, MLK Day</td>
<td>Dornbusch, Fischer &amp; Startz, Ch 10 Income and Spending (Read for understanding)</td>
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<td>&amp; 21</td>
<td>Ch. 5 Agg. Demand and Agg. Supply</td>
<td>Ch 5 (Read for overview. We will return to this later. )</td>
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<td>Income and Spending: Output in the Short Run: The Keynesian Model</td>
<td>Ch 9 Policy Preview  p. 189-191 (Read for overview. We will return to this later.)</td>
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<td>Y=C+I+G+X-M</td>
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<td>Macro Data Presentations. Problem Set on equilibrium income handed out. Due 1/28.</td>
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<td>4. 1/26</td>
<td>Monetary Policy</td>
<td>Dornbusch, Fischer &amp; Startz: Ch. 11, , Ch. 16 p382-391; Ch. 17 p.403-414</td>
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<td>1/28</td>
<td>- Money Demand</td>
<td>Ch 19 p456- 462;</td>
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<td>- Banking system</td>
<td><strong>The Economist</strong>, “A Working Model: Is the World Experiencing Excess Saving or Excess Liquidity”, 8/13/05.</td>
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<td>- Interest rates and investment</td>
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<td>- and Tools of the Fed</td>
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<td>Macro Data Presentations. Homework: Ch.11 : Conceptual 1,6; Due 2/2</td>
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<td>5. 2/2</td>
<td>Policy Analysis with the IS/LM model;</td>
<td>Dornbusch, Fischer &amp; Startz: Ch. 12; Ch 18, p 428-438</td>
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<td>&amp; 4</td>
<td>Limits and risks with Monetary policy and Fiscal policy</td>
<td><strong>The Economist</strong>, “Putting the Air Back In”, 10/30/08.</td>
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<td>Government budget</td>
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<td>Macro Data Presentations. Homework: Ch.12: Conceptual 4, Technical 1; Due 2/4.</td>
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<td>6. 2/9</td>
<td>Midterm Exam, 1 hour.</td>
<td>Dornbusch, Fischer &amp; Startz: Ch. 13</td>
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<td>&amp; 11</td>
<td>Assessing International Environments</td>
<td>Basics of international transactions.</td>
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<td>7. 2/16</td>
<td>Holiday 2/16 Presidents' Day</td>
<td>Dornbusch, Fischer &amp; Startz: Chapter 13</td>
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<td>Macro Data Presentations. Homework Ch. 13: Conceptual 4; Technical 1. <strong>Due 2/25</strong></td>
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<td>Macro Data Presentations. Homework: a ½ to 1 page outline of the three articles. <strong>DUE 2/23</strong>. Late papers not accepted. Homework 9: Solow model</td>
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| 9. 3/2 & 3/4 | **Quiz 2:** Aggregate Supply and Agg. Demand  
Dornbusch, Fischer & Startz: Chapter 5,  
The Economist, “America’s lost oomph”, 7/19/14  
The Economist, “Jobs are not enough”, 7/19/14. |                                                                 |
|            | Macro Data Presentations:  
**Discussion of Navarro; Online Class Evaluations** |                                                                 |
| 10. 3/9 & 3/11 | Aggregate Supply and Aggregate Demand  
Ch. 6, 137-140 ; Ch 22, p 509-513; Ch 21(optional)  
|            | Macro Data Presentations: Submit list of current event articles read during the quarter. **Discussion of Navarro; Online Class Evaluations** |                                                                 |
| 11. 3/16 | Final Exam. Wednesday, March 18, 2015 at 4:00 - 5:50 pm. Please adjust your travel schedule to accommodate this exam. |                                                                 |

You will have to log onto the Lemieux Library website to search for and access many of these materials. Let me know if you have difficulties accessing these articles. **Readings are online via the Library.**

**Sources of Economic Data**

**Websites of interest:**  
For current economic data releases and analysis:  
[www.economist.com](http://www.economist.com),  
[http://www.wsj.com](http://www.wsj.com),  
[http://www.marketwatch.com](http://www.marketwatch.com),  

**For Macroeconomic articles, current and historical data**
http://federalreserve.gov Federal Reserve Board Site, Interest rates, financial data
http://research.stlouisfed.org/fred2 Federal Reserve Economic Databases from the St. Louis Fed
http://www.heritage.org/research/features/index/ Information on economic freedom for 161 countries
http://www.doingbusiness.org/ World Bank assessment of business environment
http://www.gcr.weforum.org/ World Economic forum Competitive conditions for 131 countries
http://www.census.gov/ Site for the U.S. Census Bureau, Family Income data
http://access.wa.gov/ Washington State Data
http://www.conference-board.org Index of Leading Economic Indicators
http://worldbank.com/ The World Bank
http://www.ecb.int European Central Bank
http://imf.org International Monetary fund
http://globaledge.msu.edu/ibrd/countryindex.asp Country specific information
http://www.bea.gov/ Bureau of Economic Analysis, GDP estimates, GDP deflator
http://www.clevelandfed.org/research Site for articles on macro topics.
http://www.findarticles.com/PI/index.jhtml Generic article search site
www.rfe.org Resources for Economists on the Internet, AEA web
http://www.transparency.org/policy_research/surveys_indices/cpi Corruption rankings for countries

**GMID Country Database via Lemieux Library website**
http://macrotutor.weebly.com/index.html Useful site to review IS-LM

**Federal Reserve Publications**
Contact the individual banks to be placed on the mailing list for free publications announcements or releases of data. A few of the more useful addresses follow:

- **Publication Services**
  - Public Information
- **Division of Administrative Services**
  - Federal Reserve Bank of San Francisco
- **Board of Governors of the Fed. Reserve System**
  - 101 Market Street. San Francisco, CA. 94105
- Washington, D.C. 20551

Other branches include: Boston, Chicago, Cleveland, Dallas, Richmond, Kansas City, Minneapolis, Atlanta, New York, Philadelphia, and St. Louis

**Current readings of interest:**

11. “The Commanding Heights”, a PBS website and video series on the influence of economists and macroeconomics on society over the last century. There is some good history on a number of influential economists (Keynes, Von Hayek, Marx…) and interviews with prominent politicians from many countries. You can watch the entire show on the web. (Requires Realtime player).
   [http://www.pbs.org/wgbh/commandingheights/history](http://www.pbs.org/wgbh/commandingheights/history)

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**Academic Honesty**

Seattle University is committed to the principle that academic honesty and integrity are important values in the educational process. Academic dishonesty in any form is a serious offense against the academic community. Acts of academic dishonesty will be addressed according to the Seattle University Academic Honesty Policy. These acts include (but are not limited to) using unauthorized written or electronic materials on an exam, copying another student’s exam or allowing another student to copy yours, copying another student’s homework assignment and passing off someone else’s writing or ideas as your own in writing assignments. The University policy can be found at the address below:


If you are not sure whether a particular action is acceptable according to the Academic Honesty Policy, you should check with your instructor before engaging in it. If you are not certain what constitutes plagiarism please review this definition.

[http://www.georgetown.edu/honor/plagiarism.html](http://www.georgetown.edu/honor/plagiarism.html)