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:
https://subscriptions.economist.com/GLB/ECOM/NA/?tagsrc=/GLB/SLG/NA&rnd=52ccd03a08d20&country=US&sub_type=student&absplitsrc=/GLB/SLG&abrand=52ccd03868d39
WSJ: https://wsj-wpp151.sheerid.com/?trackCode=aap1hybd

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

Description: Domestic and Global Economics is an intermediate level macroeconomics course dealing with domestic and international economic events, analysis, and policy as they apply to managerial decision-making. Our course prepares professional managers to understand how policies and events affect national income, unemployment, inflation, and interest rates, so that they can make better informal short-run forecasts and better understand the macroeconomic risks facing them when making 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. To gain deeper appreciation for the subject, class discussion will be related and applied to topics of interest in the news.

Course Objectives

a) Develop the skills needed to interpret and track variables such as interest rates, inflation, unemployment, output, investment and exchange rates which measure the economic environment.

b) Build a framework for analyzing the long run and short run impact of policies and events on macroeconomic variables so that students can make better informal short-run forecasts, compare different economic environments and make better business decisions that depend on these variables.

c) Analyze current and emerging issues in the macro-economy to understand how they affect business decisions. The emphasis is on applied policy analysis and forecasting.

Grading: Regular class attendance is expected, and in the case of absences, students bear the ultimate responsibility for material covered in class. The basis for grading will be as follows:

- 30 pts. Homework, including presentations and class participation
- 100 pts. Midterm
- 120 pts Final
- 50 pts. Country Project: A 3-5 page single-spaced paper, analyzing macroeconomic conditions in a chosen country, other than the US. More details will be provided later in the quarter.

Participation in class discussions may be considered at the discretion of the instructor. Homework assignments are designed to help you focus on and develop an understanding of key material. Randomly chosen portions of homework assignments will be graded. The schedule and procedures in this course are all subject to change at the
discretion of the instructor. I expect that student behavior will conform to the Seattle University Academic Honesty Policy.

**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 1-2 minutes a current macroeconomic data report, idea, issue, or article of your own choosing 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, and government websites listed below. The item you discuss should have appeared within the last week or two. Sample presentations can be found on Canvas. 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 topic or data release for discussion in class. 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.*

**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.** This graduate level class assumes that you will have read the chapters before coming to class. Even if you don’t manage to entirely master a concept before class, the readings 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.

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<th>Date</th>
<th>Topics and Assignments</th>
<th>Readings</th>
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**See First Day Assignment on Canvas website:** Chair Janet Yellen, “Semiannual Monetary Policy Report to the Congress”, July 15, 2014, pages 3-15, found at http://www.federalreserve.gov/monetarypolicy/files/20140715_mprfullreport.pdf scan pages 3-15, and bring to class the answers to questions in the First Day Assignment. (This is for discussion and does not need to be turned in.)

**Homework Problem Set 1:** Ch 1: Problems: Technical 1; Empirical 1. And **Problem Set 2:** Ch 2: Problems: Technical 3. **Due:** 1/20
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<tr>
<td>2. 1/13</td>
<td>Measuring the economy, continued.</td>
<td>Dornbusch, Ch 7, p152-174, Ch 8, p.176-185; Ch 3, p53-61 Box 3.3:p 64-65</td>
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<td>Macro Data Presentations. Problem Set 3 on price indices handed out. <strong>Due: 1/20</strong></td>
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| 3. 1/20 | Ch. 9 Income and Spending: The Determination of Output in the Short Run: The Keynesian Model  
\( \cdot Y = C + I + G + X - M \) | Dornbusch, Fischer & Startz, Ch 10 Income and Spending (Read for understanding)  
Ch 5 (Read for overview. We will return to this later.)  
Ch 9 Policy Preview p. 189-191 (Read for overview. We will return to this later.) |
|       | Macro Data Presentations. Problem Set 4 on equilibrium income handed out. **Due: 1/27** | |
| 4. 1/27 | Monetary Policy  
- Money Demand  
- Banking system and credit  
- Interest rates and investment  
- Goals and Tools of the Fed | Dornbusch, Fischer & Startz: Ch. 16 p382-391; Ch. 17 p.403-414  
Ch 19 p456-462; Ch. 11,  
|       | Macro Data Presentations. Homework Problem Set 5: Ch.11 : Conceptual 1,6; **Due: 2/3** | |
| 5. 2/3 | Policy Analysis with the IS-LM model; Limits and risks with Monetary policy and Fiscal policy  
Government budget constraint | Dornbusch, Fischer & Startz: Ch. 12; Ch 18, p 428-438  
The Economist, “Putting the Air Back In”, 10/30/08.  
http://macro tutor.weebly.com/index.html  
(Useful website to review IS-LM model) |
|       | Macro Data Presentations. Homework Problem Set 6: Ch.12: Conceptual 4, Technical 1; **Due: 2/10** | |
|       | Homework Problem Set 7: Outline 2 of 3 readings 1 page each. **DUE: 2/10**. Late papers not accepted. | |
| 6. 2/10 | Theory of Economic Growth: Assessing Prospects for Output in the Long Run  
Optional Reading:  
http://www.clevelandfed.org/research/Commentary/2000/0815.htm  
The Economist, “America’s lost oomph”, 7/19/14  
The Economist, “Jobs are not enough”, 7/19/14. |
|       | Macro Data Presentations. **Country Analysis assigned. Due 3/10** | |
| 7. 2/17 | Midterm Exam, 1 hour.  
Assessing International Environments | Dornbusch, Fischer & Startz: Ch. 13  
Basics of international transactions. |
<p>|       | Macro Data Presentations. | |</p>
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| 8. 2/24 | **Assessing International Environments:** Exchange rates, Balance of Payments in an Open Economy. Policies affecting exchange rates and trade IS-LM-BP | Dornbusch, Fischer & Startz: Chapter 13  
| 9. 3/3 | **Aggregate Supply and Agg. Demand** | Dornbusch, Fischer & Startz: Chapter 5, Ch 6, pp 143-145  
| 10. 3/10 | Aggregate Supply and Aggregate Demand  
Alternative theories: Real Business Cycles, Rational Expectations, Monetarists, Etc. | Ch. 6, 137-140; Ch 21; Ch 22, p 509-513  
| 11. 3/17 | **Final Exam. March 17, 2014. Please adjust your travel schedule to accommodate this exam.** |

**Readings are online via the Library.** You will have to log onto the Lemieux Library website to access many of these materials. Let me know if you have difficulties accessing these articles, as the links change without warning.

**Text Corrections:** Please let me know if you find any errors in this new edition.

**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://research.stlouisfed.org/fred2](http://research.stlouisfed.org/fred2) Federal Reserve Economic Databases from the St. Louis Fed
- [http://www.heritage.org/research/features/index/](http://www.heritage.org/research/features/index/) Information on economic freedom for 161 countries
- [http://www.gcr.weforum.org/](http://www.gcr.weforum.org/) World Economic forum Competitive conditions for 131 countries
- [http://www.census.gov/](http://www.census.gov/) Site for the U.S. Census Bureau, Family Income data
- [http://access.wa.gov/](http://access.wa.gov/) Washington State Data
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
Division of Administrative Services
Board of Governors of the Fed. Reserve System
Washington, D.C. 20551

Public Information
Federal Reserve Bank of San Francisco
101 Market Street.
San Francisco, CA. 94105

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

Current readings of interest:
   http://www.federalreserve.gov/newsevents/lectures/about.htm
5. World Trade Indicators 2010, The World Bank, April 2011..
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/
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 this address: http://www.seattleu.edu/regis/Policies/Policy_2004-01.htm

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
ECON 5110-01 (Formerly MBA 505)  DOMESTIC & GLOBAL ECONOMICS
Seattle University

Winter, 2015

C. Fred DeKay, Ph.D.
(206)-296-5709

Tues: 5:30-8:40

Room: Bellevue
Office: P 521

Office hours: M: 4-5:30 pm; and by appt
dekay@seattleu.edu

Website: https://seattleu.instructure.com/courses/1482647

Textbook & Required Readings:
The Wall Street Journal, or The Economist or other financial press. (available on the Lemieux Library website.)

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

This graduate level class assumes that you will have read the chapters before coming to class and have understood the definitions of concepts. 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.

First Day Assignment, MBA 5110-01

I. Read Chapter 1 and 2 of the Dornbusch text,

II. Scan Pages 3-15 of the “Semiannual Monetary Policy Report to the Congress”, July 15, 2014, by the Board of Governors and Fed Chair Janet Yellen, found on Canvas and at:


Prepare to discuss the following questions in class.
1. Identify 5-10 macroeconomic variables cited in the report.
2. What are the objectives of the Federal Reserve Board?
3. What is happening in the job and housing market?
4. What is the Fed’s target for inflation? What is happening to inflation expectations?
5. How would you characterize the Fed’s near term plans for monetary policy?
6. What risks have affected US economic growth?
7. What is the outlook for economic growth this year?
8. What topics would you like to learn more about?

III. Visit the class website: https://seattleu.instructure.com/courses/1482647
PowerPoint outlines for class lectures are available, along with other materials.
Optional: If you have had a Principles of Macroeconomics course in the past, review the four or five chapters on macroeconomic issues including definitions of and theories relating to GDP, inflation, unemployment, fiscal and monetary policy, budget deficits, trade deficits and interest rates.