



SAINT LOUIS
UNIVERSITY
— EST. 1818 —

SAINT LOUIS UNIVERSITY, MADRID CAMPUS
Department of Business Administration & Economics

Spring 2018
INTERMEDIATE MACROECONOMICS
ECON-3120

Prerequisites: [ECON-1900](#), [MATH-1320](#)

Credits: **3**

INSTRUCTOR

Pablo Swedberg

Classes: T & R, 12.30-1.45pm

Classroom: PRH 16

Office Hours: T & R, 9:30-11:00am & 3:45-5:00pm (by appointment)

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DESCRIPTION

The goal of the course is to provide an introduction to modern macroeconomic theory in order to help you understand the aggregate behavior of an economy. We shall cover the different fields as accessibly and concisely as possible, in a way that emphasizes the relevance of both macroeconomics' classical roots and its current practice. We will balance the coverage of short and long-run issues, integrate both Keynesian and classical ideas, and incorporate the analysis of real-world events.

We will answer the following questions during the term:

- ✚ Why does the *cost of living* keep rising?
- ✚ Why is the *unemployment rate* in Southern European countries higher than elsewhere?
- ✚ Why are there *booms and recessions*?
- ✚ What can governments do to combat recessions in the short run and in the long run?
- ✚ What is the *government budget deficit* and how does it affect the economy?
- ✚ Why do the U.S. and the UK have such a large *trade deficit*?

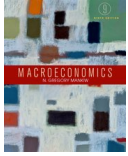
LEARNING OBJECTIVES

- (1) Measurement: how nominal/real GDP, inflation, and unemployment are computed.
- (2) Classical model: the determinants (including fiscal/monetary policy) of real GDP, national saving, nominal/real interest rates, and inflation in the long run.
- (3) Neoclassical growth model: the factors that determine the long-run growth path of the economy and living standards, including technological progress and public policy.
- (4) AD-AS/IS-LM models: the determinants of business-cycle fluctuations and the role of stabilization policy.
- (5) International: the relation between trade balances and international borrowing/lending and the implications of different exchange-rate regimes (floating/fixed).

COURSE MATERIAL

Main Textbook:

N. Gregory Mankiw (2016), **Macroeconomics 9th edition**, Macmillan Learning
ISBN-10: 1-4641-8289-2 ISBN-13: 978-1-4641-8289-1



GRADING:

The final grade will be based on the following items:

- ✚ **Class attendance: 10%**
- ✚ **Class participation: 10%**
- ✚ **Midterm exam: 20%**
- ✚ **Country presentation: 20%**
- ✚ **Quiz: 10%**
- ✚ **Final exam: 30%**

Scale: 92 – 100 A; 89 – 92 A-; 85 – 89 B+; 78 – 85 B; 74 – 78 B-; 70 – 74 C+; 60 – 70 C; 55 – 60 C-; 0-55 F

REQUIREMENTS

Group country presentations (groups of 2 students):

Students will be required to prepare a power point presentation on a **European Union country** chosen by the group members for which they will have to present: a brief introduction covering geography, demographics and economic history; the evolution (past five years) and current state of the economy including the main economic indicators (GDP growth, inflation, unemployment rate, public debt and deficit); the main local industries/companies. Finally the group will present the country's challenges, offer one or several alternative policies, and suggest solutions looking forward. Students will work in groups of two and each group will make a short (15-minute) presentation of their country project.

COURSE CALENDAR

January 10: Classes begin

January 21: Last day to DROP a class without a grade of "W"; no classes may be added after this date.

February 20: **MIDTERM EXAM @ 12:30 am (PRH 16)**

March 9: Last day to DROP a class and receive a grade of "W"

May 3: Last day of classes

May 10: **FINAL EXAM @ 12pm (PRH 16)**

POLICIES AND RULES

The professor will explain the different units included in the content through both power-point presentations and problem set sessions. The students will need to read the material (articles, problems, news) and come to class prepared to debate.

Class attendance, as well as **punctuality and active participation** are essential and will be considered in the final grade.

Cellular phones are not permitted in class and laptops should be used exclusively to follow the lecture and for class notes. The use of cell phones will lower the class participation grade.

Late policies regarding exams:

Midterm and final examinations must be written on their respective dates. No alternative examinations will be scheduled except in the case of excused medical absences. Absences due to medical reasons without proof of hospitalization will be considered unexcused absences. Cases of excused medical absences must be petitioned for through the Chair of the department. Make-up midterms are subject to approval by the professor, the Chair and the Department of Business and Economics.

An unexcused absence from a midterm examination causes the final examination to weigh 50% of the final course grade.

The date of the final examination is May 10th, 2017 at 12:00. The class instructor is not authorized to change the date of the final exam, so a student wishing to take the final examination on a different date from the one set must receive approval from the Dean and/or the Vice Dean of the University. **Please do this in advance!!**

ACADEMIC INTEGRITY

Academic integrity is honest, truthful and responsible conduct in all academic endeavors. The mission of Saint Louis University is "the pursuit of truth for the greater glory of God and for the service of humanity." Accordingly, all acts of falsehood demean and compromise the corporate endeavors of teaching, research, health care and community service via which SLU embodies its mission. The University strives to prepare students for lives of personal and professional integrity, and therefore regards all breaches of academic integrity as matters of serious concern.

The governing University-level Academic Integrity Policy can be accessed on the Provost's Office web at: http://www.slu.edu/Documents/provost/academic_affairs/University-wide%20Academic%20Integrity%20Policy%20FINAL%20%206-26-15.pdf.

As a member of the University community, you are expected to know and abide by these policies, which detail definitions of violations, processes for reporting violations, sanctions and appeals.

ACCOMODATION STATEMENT

In recognition that people learn in a variety of ways and that learning is influenced by multiple factors (e.g., prior experience, study skills, learning disability), resources to support student success are available on campus. Students who think they might benefit from these resources can find out more about:

1. Course-level support (e.g., faculty member, departmental resources, etc.) by asking your course instructor.
2. University-level support (e.g., tutoring/writing services, Disability Services) by visiting the Academic Dean's Office (San Ignacio Hall) or by going to http://spain.slu.edu/academics/learning_resources.html.
3. Students who believe that, due to a disability, they could benefit from academic accommodations are encouraged to contact Disability Services at +34915545858, ext. 204, send an e-mail to counselingcenter-madrid@slu.edu, or to visit the Counseling Office (San Ignacio Hall). Confidentiality will be observed in all inquiries. Course instructors support student accommodation requests when an approved letter from Disability Services has been received and when students discuss these accommodations with the instructor after receipt of the approved letter.

TITLE IX STATEMENT

Saint Louis University and its faculty are committed to supporting our students and seeking an environment that is free of bias, discrimination, and harassment. If you have encountered any form of sexual misconduct (e.g. sexual assault, sexual harassment, stalking, domestic or dating violence), we encourage you to report this to the University. If you speak with a faculty member about an incident of misconduct, that faculty member must notify SLU's Title IX deputy coordinator, Marta Maruri, whose office is located on the ground floor of Padre Rubio Hall, Avenida del Valle, 28 (mmaruri@slu.edu; 915-54-5858 ext. 213) and share the basic fact of your experience with her. The Title IX deputy coordinator will then be available to assist you in understanding all of your options and in connecting you with all possible resources on and off campus.

If you wish to speak with a confidential source, you may contact the counselors at the SLU-Madrid's Counseling Services on the third floor of San Ignacio Hall (counselingcenter-madrid@slu.edu; 915-54-5858 ext. 230) or Sinews Multiple therapy Institute, the off-campus provider of counseling services for SLU-Madrid (www.sinews.es; 91-700-1979) To view SLU-Madrid's sexual misconduct policy and for resources, please visit the following web address:

http://spain.slu.edu/student_life/docs/SLUMadridSexualMisconductPolicy.pdf.

STUDENT OUTCOME ASSESMENT

Saint Louis University-Madrid Campus is committed to excellent and innovative educational practices. In order to maintain quality academic offerings and to conform to relevant accreditation requirements, we regularly assess our teaching, services, and programs for evidence of student learning outcomes achievement. For this purpose we keep on file anonymized representative examples of student work from all courses and programs such as: assignments, papers, exams, portfolios, and results from student surveys, focus groups, and reflective exercises. *Thus, copies of your work for this course, including any exams, assignments and/or submitted papers may be kept on file for institutional research, assessment and accreditation purposes.* If you prefer that Saint Louis University-Madrid Campus does not keep your work on file, you will need to communicate your decision in writing to your professor.

COURSE OUTLINE:

SECTION I: INTRODUCTION

- 1) *The Science of Macroeconomics*
 - ✚ The *issues* macroeconomists study
 - ✚ The *tools* macroeconomists use
 - ✚ Important *concepts* in macroeconomic analysis

- 2) *The Data of Macroeconomics*
 - ✚ Gross Domestic Product (GDP)
 - ✚ Consumer Price Index (CPI)
 - ✚ Unemployment Rate

(Mankiw Chapters 1 and 2)

- 3) *The European Union*
 - ✚ History of the European Union

- ✚ EU institutions
- ✚ The EU budget

SECTION II: THE ECONOMY IN THE LONG RUN

- 4) *National Income*
 - ✚ The economy's total output/income
 - ✚ Prices of the factors of production
 - ✚ The demand for goods and services
 - ✚ Equilibrium in the goods market
- 5) *Money and Inflation*
 - ✚ The classical theory of inflation
 - ✚ The Fisher equation
 - ✚ Seigniorage and Hyperinflation
- 6) *The Open Economy*
 - ✚ Accounting identities for the open economy
 - ✚ The small open economy model

(Mankiw Chapters 3, 4, and 5)

SECTION III: THE ECONOMY IN THE SHORT RUN

- 7) *The IS-LM Model*
 - ✚ Short run economic fluctuations
 - ✚ The IS curve, and its relation to the Keynesian Cross
 - ✚ The LM curve, and its relation to the Theory of Liquidity Preference
 - ✚ How the IS-LM model determines income and the interest rate in the short run when prices are fixed
- 8) *Aggregate Demand: Applying the IS-LM model*
 - ✚ The aggregate demand curve for the small open economy
 - ✚ How policies and shocks affect income and the interest rate in the short run when prices are fixed
 - ✚ The aggregate supply curve in the short run and the long run

(Mankiw Chapters 10, 11 and 12)

SECTION IV: ECONOMIC GROWTH

- 9) *Economic Growth*
 - ✚ Capital accumulation and economic growth
 - ✚ Population growth
 - ✚ The impact of technological change on economic growth

(Mankiw Chapters 8 and 9)