



SAN IGNACIO
UNIVERSITY
MIAMI, USA

Date		Credits	3
Course Title	Principles of Macroeconomics	Course Number	ECO 2013
Pre-requisite (s)	None	Co-requisite (s)	None
Hours	45		

Place and Time of Class Meeting

San Ignacio University
3905 NW 107 Avenue, Suite 301
Miami, FL 33178

Name and Contact Information of Instructor

Book required

(San Ignacio University recognizes the use of the textbook in the classroom as part of the educational methodology and strategy applied in diverse materials. The textbook is part of the curriculum and is used to reach the student in an effective manner in the classroom. Every student is expected to acquire and use the textbook.)

Macroeconomics, Second Edition in Modules, 2/E
Krugman, Wells, Ray & Anderson
©2012 | Worth Publishers
ISBN: 1429287292 | ISBN-13: 9781429287296

Classroom expectations for students

Attendance Policy

Students are expected to attend all scheduled university classes for the courses that they are registered for and to achieve the goals set forth by each class instructor. Attendance is taken daily. Enrolled students are permitted no more than **2** “free” absences in one semester. Students missing **3-5** classes over the course of the semester will receive a one-letter grade deduction from their final course grade; missing more than **6** classes will result in failure of the course regardless of grade average. It is the student's responsibility to arrange to make up work missed because of an absence.



Student Tardiness Policy

A student is considered tardy/late if he/she comes to class 15 minutes late. With three tardies the student accumulates one full absence. If the student misses half of the class period, it is a full absence. When a student has more than 6 tardies, the instructor will contact the San Ignacio University Coordinator of Student Affairs and Academic Department and request an intervention session with the student. The goal of the intervention session is to develop and implement an intervention program to help students learn new ways to save and manage time.

NOTE: Plagiarism is defined as the use, without proper acknowledgment, of the ideas, phrases, sentences, or larger units of discourse from another writer or speaker. Plagiarism includes the unauthorized copying of software and the violation of copyright laws. Students who commit plagiarism will obtain a grade of “Failure” on their exam or assignment.

Course Description (must correspond exactly to Catalog description)

The purpose of this course is to study production, employment, prices, the aggregate expenditures and the aggregate levels of economic activity. Students are expected to analyze monetary and fiscal policies with respect to unemployment and inflation.

Learning Objectives

At the end of this course the student will be able to:

- Explain the distinction between microeconomics and macroeconomics.
- Describes long-run economic growth and its causes.
- Explains the concepts of efficiency, opportunity cost, and economic growth.
- Discuss the distinction between real and nominal GDP.
- Defines the meaning of inflation, deflation and disinflation.
- Understand the significance of the level of investment spending as an indicator of the future state of economy.
- Describes the relationship between the aggregate price level and the level of aggregate output demanded at each price level.

Topical Outline and Schedule

DATE	WEEK 1
SPECIFIC OBJECTIVES	Describe the course <ul style="list-style-type: none"> • Identify the study of economics and its core

	<ul style="list-style-type: none"> • Contrast Microeconomics versus Macroeconomics • Study Positive versus Normative Economics • Define the business cycle and how policy makers try to reduce its severity • Examine how employment and unemployment change over the business cycle • Study the three important aspects of real economy: efficiency, opportunity cost and economic growth • Define the production possibilities curve and its effect • Identify how to interpret graphs and its importance
TOPIC (S)	<ul style="list-style-type: none"> • Syllabus • Discuss Library Orientation Course, Instructor to verify completion • Examine how scarcity and choice are the focal point in the study of economics • Review the importance of opportunity costs in decision making • Define inflation and deflation and the relation to price stability • Examine how models play a significant role in economics
LEARNING ACTIVITIES	<p>Discussion of Syllabus</p> <ul style="list-style-type: none"> • Discussion • Analysis of the examples raised in class. • Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	<p>Review the Syllabus</p> <p>Complete the Library Orientation Course. Instructor to verify completion.</p> <p>Homework: Read Modules 1-3 pp. 2-21</p> <p>Module 1-3 Review Questions</p>
DATE	WEEK 2
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Analyze trade and how it leads to gains on individual and society level • Differentiate absolute advantage from comparative advantage • Examine how comparative advantage can lead to gains from trade in global market • Define Supply and Demand and how it describes a competitive market • Examine the supply and study what factors shift the supply curve • Identify how supply and demand determine market equilibrium price and quantity
TOPIC (S)	<ul style="list-style-type: none"> • Discuss Final Class Project & Presentation • Identify what the demand curve is and the difference between movements depending on changes in demand • Define factors that impact the demand curve

	<ul style="list-style-type: none"> List of Topics
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Participate in a forum. Discussion Analysis of the examples raised in class. Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	<p>Homework: Read Modules 4-6 pp. 23-69 Module 4-6 Review Questions</p>
DATE	WEEK 3
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Examine changes in equilibrium in Supply and Demand Study how equilibrium price and quantity are impacted if change occurs in supply and demand Identify price controls and its meaning Study how government intervenes in markets Assess how quantity controls can negatively impact a market
TOPIC (S)	<ul style="list-style-type: none"> Discuss how price controls can be problematic and turn a market into an inefficient one Examine who benefits and loses from price controls and why they are used in today's market Identify the meaning of quantity controls Examine how price controls may encourage illegal activity Discussion of student topic selection, library research, tentative bibliography
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Group discussion Analysis of the examples raised in class. Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	<p>Investigate concepts and kinds of objectives. Library Research. Develop Tentative Bibliography</p> <p>Due: Project Topic Due: Tentative Bibliography</p> <p>Homework: Read Modules 7-9 pp. 71-94 Module 7-9 Review Questions</p>
DATE	WEEK 4
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Discuss methods use economists measure performance Identify the circular flow diagram Examine GDP and its three methods of being calculated Study how unemployment is measured and the significance of

	<p>unemployment rate</p> <ul style="list-style-type: none"> • Examine the correlation between unemployment rate and economic growth • Discuss the Circular-Flow and Expanded Circular-Flow diagrams and how they demonstrate the flows of money, goods and services in the economy • Define the different manners in which the GDP can be measured • Examine the method of chain-linking, which is used to measure change in real GDP
TOPIC (S)	<ul style="list-style-type: none"> • Interpret what GDP tells us • Study the difference between real GDP and nominal GDP • Identify the reason real GDP is the appropriate measure of real economic activity • Discuss how unemployment rate can overstate and understate the true level of unemployment • Due: Project Topic • Due: Tentative Bibliography
LEARNING ACTIVITIES	<ul style="list-style-type: none"> • Discussion • Analysis of the examples raised in class. • Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project</p> <p>Homework: Read Modules 10-12 pp. 101-124 Module 10-12 Review Questions</p>
DATE	WEEK 5
SPECIFIC OBJECTIVES	<p>EXAM I</p> <ul style="list-style-type: none"> • Identify the causes and categories of unemployment • Study the three different types of unemployment • Define why collective bargaining has the same effect on unemployment as minimum wage • Examine the economic costs of inflation • Study the importance of consumer price index
TOPIC (S)	<ul style="list-style-type: none"> • Identify the factors that determine the natural rate of unemployment • Examine the side effects of public policy • Study how generous unemployment benefits can increase structural and frictional unemployment • Discuss the difference between real and nominal values of income, wages and interest rates • Study the problems of deflation and disinflation • Identify how inflation rate is measured

	<ul style="list-style-type: none"> Examine what a price index is and how its calculated
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Group discussion Analysis of the examples raised in class. Engage in instructor led group activity View video
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project</p> <p>Homework: Read Modules 13-15 pp. 126-148 Module 13-15 Review Questions</p>
DATE	WEEK 6
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Identify consumption function and its effect on income and expenditure Examine how consumption function shifts in response to changes in expected future disposable income Define planned investment spending Recognize the aggregate demand curve and its relationship between price level and quantity of aggregate output demanded Define the two reasons the aggregate demand is downward sloping
TOPIC (S)	<ul style="list-style-type: none"> Discuss how planned investment spending depends on interest rate Identify what factors influence the aggregate demand curve shifts and how policy makes can shift the demand curve Compare and contrast the aggregate demand curve and the short-run aggregate supply curve Discuss how changes in commodity prices, nominal wages and productivity lead to shift in short-run aggregate supply curve
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Discussion Analysis of the examples raised in class. Engage in instructor led group activity Read article
HOMEWORK & ASSIGNED READINGS	<p>Read Modules 16-18 pp. 158-198 Module 16-18 Review Questions</p>
DATE	WEEK 7
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Define the equilibrium in the AD-AS model Examine why economic fluctuations occur Recognize how the demand shock causes aggregate price level and aggregate output to move in same direction as economy Define stagflation and how it is caused Discuss how fiscal policy has a multiplier effect Examine how automatic stabilizers influence the multiplier effect

TOPIC (S)	<ul style="list-style-type: none"> • Discuss how demand shocks have only short-run effects on aggregate output • Define output gap and find how it is used to summarize economic response to recessionary and inflationary gaps • Discuss the stabilization policy and the rationale behind it • Examine why fiscal policy is an important tool to manage economic fluctuations
LEARNING ACTIVITIES	<ul style="list-style-type: none"> • Discussion • Analysis of the examples raised in class. • Engage in instructor led group activity • Power Point
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project</p> <p>Homework: Read Modules 19-21 pp. 190-214 Complete problems (Odd numbers on p. 217-220)</p>
DATE	WEEK 8
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Define the relationship between savings and investment spending • Recognize the four principle types of financial assets • Examine the differences between the four types of financial assets • Define how financial intermediaries help investors achieve diversification • Define meaning of money and its role • Examine the different types of money and measuring the money supply • Discuss the history of the dollar
TOPIC (S)	<ul style="list-style-type: none"> • Discuss the three tasks to a financial system • Define the role of financial intermediaries • Identify the definition and functions of money • Examine how the amount of money in the economy is measured • Discuss why a dollar today is worth more than a dollar in year from now • Analyze the concept present value and how it helps us make financial decisions
LEARNING ACTIVITIES	<ul style="list-style-type: none"> • Discussion • Analysis of the examples raised in class. • Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project</p> <p>Homework: Read Modules 22-24 pp.221-241 Module 22-24 Review Questions</p>

DATE		WEEK 9
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Discuss the monetary role of banks and what they do • Examine what a T-account is and how it is used to summarize a bank's financial position within the market • Identify the reasons and types of bank regulation • Define how banks create money • Review the history and structure of the Federal Reserve System • Discuss how the Federal Reserve has responded to financial crises 	
TOPIC (S)	<ul style="list-style-type: none"> • Review the three main features in bank regulations, deposit insurance, capital requirements and reserve requirements • Recognize the process in which banks create money • Examine financial crises within the banking system of America • Discuss how the Federal Reserve was created in response to banking crises • Define the four basic functions of the Federal Reserve System and its requirements • Identify the effectiveness of the Federal Reserve System • Discuss the monetary policy of the Federal Reserve and its functions • Examine the tools used by the Federal Reserve to serve its functions • Discuss Open-Market operations by the Federal Reserve 	
LEARNING ACTIVITIES	<ul style="list-style-type: none"> • Analysis of the examples raised in class. • Discussion • Engage in instructor led group activity 	
HOMEWORK & ASSIGNED READINGS	<p>Continue research and work on final project</p> <p>Homework: Read Modules 25-27 pp.243-266</p> <p>Module 25-27 Review Questions and Multiple Choice Questions</p>	
DATE		WEEK 10
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Identify the money demand curve and what it is • Define how liquidity preference model helps determine interest rates • Compare and contrast short-term interest and long-term interest • Discuss the shifts of the money demand curve • Define why governments calculate the cyclically adjusted budget balance • Discuss why large public debt may be a cause for concern in the economy • Examine deficits, surpluses and debt 	

TOPIC (S)	<ul style="list-style-type: none"> Define the two models of the interest rate Study how the loanable funds market matches savers and investors Examine the shifts of supply and demand for loanable funds Identify the Fisher effect and how it impacts real interest rate
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Discussion Analysis of the examples raised in class. Engage in instructor led group activity Pair-share activity
HOMEWORK & ASSIGNED READINGS	Continue research and work on final project Homework: Read Modules 28-30 pp. 268-306 Problems on p. 290 1-25 (Even numbers only)
DATE	WEEK 11
SPECIFIC OBJECTIVES	<p>MIDTERM EXAM II</p> <ul style="list-style-type: none"> Study how the Federal Reserve implements monetary policy, moving the interest rate to affect aggregate output Examine why monetary policy is the primary tool used for stabilization of the economy Analyze the correlation between monetary policy and aggregate demand
TOPIC (S)	<ul style="list-style-type: none"> Discuss expansionary and contractionary monetary policy Explain the Taylor rule for monetary policy Differentiate the effects of an inappropriate monetary policy Examine the concept of monetary neutrality and how it correlates to the long-term economic effects of monetary policy Discuss the classical model of money and prices Examine the logic of hyperinflation and its effect on exchange of goods Discuss the differences between moderate inflation and disinflation
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Group discussion Analysis of the examples raised in class. Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	Due: First Draft of Final Project Read Modules 31-33 pp.307-329 Module 31-33 Review Questions
DATE	WEEK 12
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Analyze what the Phillips curve is and the nature of the short-run trade-off between inflation and unemployment Examine why there is no long-run trade-off between inflation and unemployment

	<ul style="list-style-type: none"> Define why expansionary policies are limited due to effects of expected inflation Analyze the elements of the modern macroeconomic consensus
TOPIC (S)	<ul style="list-style-type: none"> Discuss why even moderate levels of inflations can be difficult to end Examine why deflation is a problem for economic policy and how it drives policy makers to prefer a low but positive inflation rate Define the costs of inflation and effects of expected deflation Discuss Keynes's theory and analysis of the Great Depression Identify the practical consequence of Keynes's theory and how it legitimized macroeconomic policy activism Examine challenges to Keynesian economics
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Discussion Analysis of the examples raised in class. Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	Read Modules 34-36 pp. 331-359 Problems on pp.363-365 (Even numbers only)
DATE	WEEK 13
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> Examine how long-run economic growth is measured Identify how real GDP has evolved over time Analyze how real GDP varies across different countries Discuss the manner in which productivity is driven by physical capital, human capital and technological progress Discuss changes in productivity and how they are illustrated using aggregate production function
TOPIC (S)	<ul style="list-style-type: none"> Identify the importance of productivity and explain its growth Discuss the long-run economic growth and what it depends on most Recognize how growth varies around the world and why the convergence hypothesis applies to economically advanced nations Recognize source of increased productivity growth Define what factors explain long-run growth rates and why they differ so much among countries Examine the challenges posed to growth by scarcity of natural resources, environmental degradation and the efforts to make growth sustainable
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Discussion Analysis of the examples raised in class. Engage in instructor led group activity

	<ul style="list-style-type: none"> • Read article
HOMEWORK & ASSIGNED READINGS	Editing & Revision of Final Project Read Modules 37-39 pp. 367-396 Module 37-39 Review Questions
DATE	WEEK 14
SPECIFIC OBJECTIVES	<ul style="list-style-type: none"> • Recognize how long-run economic growth is essential to solving economic problems • Examine how long-run economic growth is represented in macroeconomic models • Distinguish fluctuations between long-run and short-run growth • Understand the role of foreign exchange market and rate • Define the significance of real exchange rates and their impact in the current account
TOPIC (S)	<ul style="list-style-type: none"> • Discuss governmental actions that contribute to growth and also slow down growth • Examine the emission of greenhouse gases and how it is linked to growth • Identify how physical capital depreciates • Discuss the meaning of the balance of payments accounts • Define the determinants of international capital flows and discuss examples
LEARNING ACTIVITIES	<ul style="list-style-type: none"> • Discussion • Analysis of the examples raised in class. • Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	Editing & Revision of Final Project Read Modules 40-42 pp. 398-429 Module Review Questions
DATE	WEEK 15
SPECIFIC OBJECTIVES	Final Project Final Presentation Final Exam <ul style="list-style-type: none"> • Discuss Exchange Rate policy and regimes • Study the Exchange Rate dilemma • Identify Exchange Rates and how it related to macroeconomic policy • Demonstrate devaluation and revaluation of fixed Exchange Rates • Interpret International business cycles • Discuss the components of most macroeconomic problems
TOPIC (S)	<ul style="list-style-type: none"> • Explain how an Exchange rate be held fixed • Examine foreign exchange controls and how it limits individuals in regards to international currency

	<ul style="list-style-type: none"> Analyze major factors that contribute to shift curves in each model Discuss how imports of one country and another's export creates a link between the business cycles
LEARNING ACTIVITIES	<ul style="list-style-type: none"> Discussion Analysis of the examples raised in class. Engage in instructor led group activity
HOMEWORK & ASSIGNED READINGS	Read Modules 43-45 pp. Module Review Questions

Instructional Methods

In developing methodological strategies, it is best to discuss them between teachers and students in an environment of freedom and mutual agreement in order to ensure that the students make them their own and take responsibility for their execution and for attaining the goals of this course.

The following strategies may be used in this class:

1. A review of the exercises at the end of the each chapter
2. Check of the reading.
3. Analysis of assigned readings.
4. Group discussions.
5. Individual and group discussions.
6. Preparation of reports.
7. Preparation of a didactic plan.
8. Carrying out a micro-class.

Additional Instructional Materials and References

- Macro Economics Today by Bradley Schiler (13th 12)
- Advance Macroeconomics by David Romer (4th 11)
- Brief Principles of Macroeconomics by N. Gregory Mankiw (6th 12)

Assessment Criteria and Methods of Evaluating Students

96 – 100%	→ A
90 – 95%	→ A-
87 – 89%	→ B+
83 – 86%	→ B
80 – 82%	→ B-
77 – 79%	→ C+
73 – 76%	→ C
70 – 72%	→ C-
67 – 69%	→ D+
63 – 66%	→ D
60 – 62 %	→ D-
< 59%	→ F