

**GSBA 549: The Firm in the National and International  
Economy**

**Term 3 IBEAR XXXVII**

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**COURSE DESCRIPTION**

GSBA 549 is a fundamental course in macroeconomics. The course explores the macroeconomic environment in which firms operate. Emphasis is placed on providing a solid grounding in basic macroeconomic data, terms, and concepts. Managers in a global marketplace care about sales growth, competitiveness of the company, cost of capital, labor market conditions, and profit. Macroeconomic policies and events directly influence how these factors are determined. The course will help you develop a general management viewpoint in the analysis, development, and evaluation of the global macroeconomic issues that shape business decisions.

Making sound business decisions requires knowing the economic environment in which firms operate. It requires an understanding of key economic indicators, the relationship among economic variables, the mechanics of how the economy works as a whole, and the role of economic institutions. The topics we cover will help you understand how economies function, both in the national and international contexts. Economics is one of the foundations for other functional areas within business, such as Finance and Marketing, strategy, and understanding economic concepts will help you understand the issues involved in these more specialized fields.

We will focus on the fundamental issues of macroeconomics and policy issues currently debated by the media and the public at large. We will cover long run growth, productivity, labor markets, wages, inequality, unemployment, business cycles, inflation, money, interest rates, asset markets, monetary and fiscal policy, short run fluctuations of the economy, saving and investment in the open economy, international trade, exchange rate determination, financial crises, global imbalances in the allocation of capital, and sovereign debt crises. These are among the set of factors that influence the risks and rewards from business investments. We will use macroeconomic tools to analyze how government policy affects the economy, how various disturbances affect the economy, and how economic news affects interest rates, and asset prices. This course is a mixture of macroeconomic theory and real world applications. We will develop analytical models that stress the microeconomic underpinnings of aggregate outcomes and we will apply these models to the recent experience of the US and other countries. At the end of this

course, in addition to understanding the above issues at a conceptual level, you should be able to critically evaluate macroeconomic arguments in the financial press.

### **COURSE LEARNING OBJECTIVES**

We will spend a considerable amount of time learning, and understanding macroeconomic theories, since those tools are very important in developing the economic intuition we need to organize concepts and facts. This will help us to evaluate current real world developments and arguments in a sensible way.

The primary goal of this course is to enable you to make informed judgments about whether the economic environment in a given country makes it a good place to do business. Upon completion of this course you will be able to:

1. Apply graphical and algebraic tools to analyze various economic models and address questions in economics
2. Apply the basic demand and supply model to calculate equilibrium wage rates, employment, interest rates and investment in an economy
3. Use the neoclassical growth model to measure and forecast GDP in different economies
4. Find sources of macroeconomic data, manipulate them, and understand how they have been behaving historically and how they compare across countries
5. Understand and critically evaluate the news about the macro economy in the financial press
6. Be able to evaluate the effects of government policy, such as changes in tax rates or money supply, on individuals, firms, and the economy
7. Collaborate with others to judge news and policies about the U.S. and world economy
8. Integrating the concepts in macroeconomics with those from other business disciplines to conduct a “Country Economic Outlook Analysis”

### **ALIGNMENT WITH MARSHALL SCHOOL OF BUSINESS PROGRAM LEARNING GOALS**

The above course learning objectives support primarily the first three of the Marshall School of Business graduate program goals:

#### **1. *Integration of Business Disciplines***

Our graduates will develop a strategic level of understanding of the key functions of business and be able to comprehend the relationships between the core business disciplines in order to *make holistic judgments and decisions in analyzing business situations.*

#### **2. *Global Perspective***

Our graduates will develop a global mindset and a competitive edge in this interdependent, fast-changing, diverse and volatile world through structured educational opportunities. They will acquire knowledge, both theoretical and practical as well as experiential, about America and the rest of the world, and the economic/financial interdependencies that signify current geopolitical, economic and financial relationships that impact business decisions *so as to make a difference in the world.*

### **3. Critical Thinking Skills**

Our graduates will demonstrate critical thinking skills by making the intellectual connection between quantitative and qualitative tools, theories and context to provide the basis for *proper and effective problem solving and decision making as well as the development of new and innovative business opportunities to strategically navigate the complex demands of the current and dynamic national and international business environments.*

### **4. Leadership**

Our graduates will develop people and leadership skills by demonstrating self-awareness, emotional intelligence, curiosity, visionary and strategic thinking, teamwork, reflection and knowledge transfer skills to promote their effectiveness as *business managers and leaders*

### **5. Ethical Principles and Professional Standards**

Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities *and aspire to add value to society*

### **6. Communication**

Our graduates will be effective communicators *to facilitate information flow in organizational, social, and intercultural contexts.*

## **Course Focus on Past, Current and Future Macro-Finance Issues**

We use economic data and economic analysis to think critically about how to interpret past and current events. The global financial turmoil that began in August 2007 escalated into a full-blown financial crisis. We are more aware than ever before how events in the global economy influence each country's economic fortunes, policies, and political debates. Globalization has arrived and is very different. The world that emerged from WWII was one in which trade, financial, and even communication links between countries were limited. More than a decade into 21<sup>st</sup> century, however, the picture is quite different. International trade in financial assets such as currencies, stocks, and bonds has expanded at a much faster pace than international trade. This process brings benefits for owners of wealth but also creates risks of contagious financial instability. Those risks were realized during the recent global financial crisis, which spread quickly across national borders and has played out at huge cost to the world economy. Of all the changes on the international scene in recent decade, however, perhaps the biggest one remains the emergence of BRIC, and in particular China, that is already redefining the international balance of economic and political power in the coming century.

Following the events of the financial crisis and recession of 2007-2009, understanding macroeconomics has become more important and exciting. The U.S. economy has gone through major changes. The housing market has virtually collapsed, average incomes of households have fallen; thousands of Americans have lost their jobs, their health insurance, and even their homes; and governments at all levels have struggled to cope with falling tax collections colliding with increased demands for public services such as unemployment benefits and health care. We have endured the most severe recession since the Great Depression of the 1930s. The response to these events has called forth a transformation of

macroeconomic policy making. The U.S. Treasury has bailed out some of the major financial institutions. The FDIC has taken over banks and, on a massive scale, has renegotiated the terms of home mortgages with individual homeowners. The Federal Reserve System has expanded its open-market operations to include commercial papers and home mortgages and caused the reserves of the banking system to grow at unprecedented rates, even as it has driven key interests rates to near zero.

Finally, we learn to use economic analysis to predict likely changes in the economy. Having witnessed a period in which Federal Reserve officials, members of Congress, heads of Wall Street firms, and everyone else failed to predict the extent of this financial crisis, the idea that we can predict, and even anticipate the future is rather overly ambitious. In short, certain developments have happened to the economy that many economists had thought impossible, and the fiscal and monetary authorities have responded with nothing short of revolutionary changes in the way they conduct policy. During the course of the semester we will cover the significant factors that contributed to these myriad problems, and explore how and why these factors, along with other contributing elements, triggered a global upheaval. We embrace the idea that the economies of countries are interrelated, and the fact that we must take seriously the linkages between the U.S. and other economies. Many questions have been raised about our economic system as well as others' and in particular how they might be reformed. How long will the stagnation last? Who is responsible for this dilemma, anyway? What are the merits of free trade among nations compared with protectionism? What causes countries to run trade surpluses or deficits with their trading partners, and how are such imbalances resolved over time? What causes banking and currency crises in open economies, and financial contagion between economies, and how should governments handle international and financial stability? How can governments avoid unemployment and inflation, what role do exchange rates play in their efforts, and how can countries best cooperate to achieve their economic goals? In the case of US, when will real estate prices reverse their decline? How we are going to deal with the large budget and external deficits? Are we going to face inflation or deflation? Are rising prices more likely than falling prices? What about the substantial gross public debt that is over \$13 trillion? Who is responsible for these, and how do they affect the business world? Who is going to pay for the huge "bailouts"? How will the rapid growth in China, India, and other emerging nations affect U.S businesses? And what about the Myths of Social Security? How will the social security crisis affect everyone? How does being part of a global economic system affect the performance of our economy and the world economy as a whole? How should economic policy be conducted to insure that the economy will be stable and prosperous? As always in macroeconomics, the interplay of events and ideas has led to new modes of analysis. In turn, these analytical advances, abstruse though they may seem at first, ultimately play a major role in government policies, in international negotiations, firms, and in people's everyday lives. Globalization has made governments, firms, and citizens of all countries much more aware than before of the worldwide economic forces that influence their fortunes. Macroeconomics attempts to offer answers to these questions, which are not only of great practical importance for the success of business strategies that crucially depend on the economic environment in which they are implemented, but are constantly debated by policymakers, policy analysts, businesses, politicians, the press, and the public.

## PREREQUISITES

I will assume that you have had introductory courses in macro, and microeconomics. I will also assume that you are familiar with algebra, and fundamental principles of calculus. You should expect exam questions requiring calculations.

## COURSE MATERIALS

**Texts:** The main required textbook for this course is *Macroeconomics, Policy and Practice 2<sup>nd</sup> Ed.*, by Frederic Mishkin S —Addison Wesley, Boston. The second textbook is *The Economics of Macro Issues, 6<sup>th</sup> Ed.* By Roger LeRoy Miller, and Daniel K. Benjamin—Addison Wesley, Boston.

**Lecture Notes:** I will post slides and other relevant material in the “content” section of Blackboard.

**Popular Press and Articles:** In addition, I highly recommend that you regularly read sources of economic and business news. Probably the best source of weekly news is The Economist <http://www.economist.com>. It is a British publication with extensive U.S. and world news. The Wall Street Journal is of course a prime source of information. The New York Times has broad coverage and good analysis: <http://www.nytimes.com>. The Financial Times of London is an excellent daily newspaper with a clear international flavor: <http://www.ft.com>. Journal and discussion articles may be assigned during the semester, which will be announced on Blackboard, or during class time. The articles provide an applied perspective to the concepts covered in the lectures.

**Documentary Videos:** We will also watch sections of *Commanding Heights: The Battle for the World Economy* and relevant sections of other documentary videos. If you miss a segment or wish to review it again, you can view the video at the publisher’s webpage. Note that free viewing is available only on small screen and a few minutes at a time.

<http://www.pbs.org/wgbh/commandingheights/lo/story/index.html>

**Optional Readings:** We may post and suggest readings, articles in class or on blackboard. These are for the benefit of students with the time and interest to read them.

**MyEconLab:** (MEL) is a study tool provided by the publisher to help you with the material. This is an on-line Study Guide, self-administered Practice Tests, and other resources. To be able to use these features you need to register at MyEconLab’s web side after you purchase the class textbook or the e-book.

## COURSE REQUIREMENTS AND GRADING

The requirements for the course and the associated weights in the overall numerical grade are given below:

Requirement	Weight
Participation	10%
Numerical and analytical problem sets	Optional
Case and Article Summary Reports	15%
Project/ presentation	25%
Midterm exam	25%
Final exam	25%
	100%

Each individual course requirement receives a numerical score but not a letter grade. The overall numerical score in the course is converted into a letter grade at the end of the semester in accordance with the Marshall School's guidelines. There is no official quota for the number of A's, B's, etc., although the average grade in the required courses can be expected to be close to 3.3 (corresponding to a B), and for electives can be expected to be 3.5 (corresponding to a B+) out of 4.00.

The instructor determines what qualifies as an accurate grade on assignment, exam, or other deliverable, and the instructor's evaluation of the performance of each individual participant is the final basis for assigning grades for the course.

For each exam, you are responsible for the assigned textbooks chapters (including the "application" sections, any material covered during the lectures, the assigned articles and notes, and assigned video segments. Exams are closed-book and closed-notes. You may use a calculator but not a cell phone, laptop, or any other electronic device. The date and time of the final exam follows the IBEAR program's final exam schedule.

Optional Numerical and analytical **problem sets** will be assigned after each lecture. These will not be graded, nor are they worth formal credit. However, the names of students who hand in problem sets will be recorded, and students on the margin of receiving a higher grade will benefit from completing problem sets. Versions of these questions sometimes appear on the exam.

In-class **participation grades** will be allocated on the basis of quality of participation. Prompt daily attendance in class is required. (If an absence is required, please e-mail me in advance.) Students are also required to use name cards and to sit in the same seat throughout the semester. *"Cold calls" will be used extensively.* Excellent participation involves enhancing the class experience for your classmates by answering questions that I ask of you in particular or the class in general, making relevant comments and

posing valuable questions, and asking illuminating questions when your classmates make presentations. Students who are uncomfortable answering cold calls after a few sessions should speak to me directly.

A word or two on **cold-calling**. It is often an advantage in business situations to be able to answer a cold-call well; the classroom is a good place to develop this skill. My cold-calling is not intended to be adversarial for its own sake; rather, it is meant to encourage advance preparation, while also allowing me to monitor the progress of the class. You are always allowed to “pass” on a question if you do not know the answer (though you should only have to do this a limited number of times); you can also ask for the question to be repeated, or for a little extra time. I reiterate: if you are uncomfortable answering cold calls after a few sessions, *please speak to me*.

The objective of the **country project** is to use class material to examine one or more of the macroeconomic conditions of a particular country; your group chooses both the country and the particular topic. This might involve assessing the country’s potential long-run rate of economic growth, looking at a recent business cycle, examining the strength of the financial or monetary system, figuring out whether labor or exchange rate policies should be reformed, or whatever. No group has to apply *all* the tools we’ve developed in class; the group should focus on something they consider to be interesting. In the last class, each group will make a short presentation, to teach the class about a macroeconomic issue or challenge that faces a particular country.

## **PROJECT AND PRESENTATION**

The project involves forming a team of 4-5 students for research presentation on an economic outlook of a country or a region of the world.

The presentation is worth 25% and will be graded based on your knowledge of the subject matter, use of economic concepts, related articles, finding and utilizing appropriate data (using Excel) on the related variables. It furthermore entails interpreting the data and tools in critically analyzing the issue, suggesting alternative approach, and finally presenting the result in the class.

- You are required to meet with the group member in the second session of the term to decide on the topic, allocate the workload, and organize. Choose a country (first come, first serve), and a topic.
- You must submit a one-page abstract containing the names of the group members, the topic of interest, and the date of presentation by no later than the third session of the term. Meet the instructor to discuss this at least once.
- Prepare a presentation of no more than fifteen minutes that will be delivered during one of the last two classes. Hand in a hardcopy version of the research project, with analysis, critiques, and references (of less than 15 pages, double spaced, 12 font), and e-mail your presentation to the instructor a week in advance.
- Present your project in no more than fifteen minutes and be prepared for five minutes of Q&A afterwards.

The project aims to give students a practical experience and increase the level of interaction and teamwork.

### **Suggested countries and regions**

U.S.

Australia and New Zealand

Canada

Latin America—Chile, Brazil, Argentina, Mexico, Colombia, and Peru

Japan

Singapore, Malaysia, Thailand, and Indonesia

China

India

Korea

Taiwan

Russia

Turkey and Iran

GCC Economies -Bahrain, Kuwait, Oman, Qatar, SA, and UAE

The Euro Zone

South Africa

### **MAKE-UP EXAMS AND ASSIGNMENTS**

Assignments must be completed by the relevant deadline to receive credit. Likewise, you will not have the opportunity to makeup a missed class presentation.

Except in extraordinary circumstances, make-up exams will not be allowed. If a student must miss an exam, he/she normally will be given a zero for that exam. If there extenuating circumstances (generally medical) that prevents a student from taking an exam, he/she should inform the instructor and obtain prior written permission for a make-up. Make-ups will not be given merely for a student's convenience or lack of adequate preparation. Unexcused absences from exams will result in a zero except in the most extreme emergencies. Emergencies arising late in the term may result in a grade if incomplete (IN) in the course. Class work to complete the course should be completed within one calendar year from the date the IN was assigned. The IN mark will be converted to an F grade should the course not be completed. In all of these cases, it is the responsibility of the student to document the extenuating circumstances. No student is permitted to take an exam before its normally scheduled time.

### **GRADE APPEAL**

If you are not satisfied with your grade for objective reasons, you may appeal to the instructor in writing, within one week after the exam, or any other assignment score is given to you. Be clear and specific. As a result of re-grading your score may increase, decrease, or remain unchanged.



## CLASS ETIQUETTE

This is a large class and I need your cooperation in ensuring orderly conduct of the lectures.

- Please turn your cell phones, beepers and pagers off entering the class.
- Please arrive on time. If you are going to be late on a particular day, for a valid reason, please let me know in advance.
- If you have to leave early on a particular day, for a valid reason, please let me know in advance; also try to find a seat near an aisle to minimize disruption to others. You may not come and go as you please.
- No laptops or other internet access devices may be used in class for any reason other than taking notes.
- No text messaging is allowed during class.
- Videotaping faculty lectures is not permitted, due to copyright considerations
- For the exams, please arrive on time and take your seat promptly. You may start only when I announce the start of the exam and you must stop and hand in your exams when the exam ends.
- Private but audible discussions among students are disruptive to others. If you have a question or something to contribute to the class discussion please share it with all of us.

## COMMUNICATION PROTOCOLS

**Consultation with Instructor:** If you have questions on course material or other course-related issues, please do not hesitate to contact me by email or in person. Contact information appears on page 1 above.

Economics is an analytical discipline in which concepts build logically on one another. It may be more difficult to recover from failure to keep up with the material in this course than in some others. If you are failing to gain a basic grasp of fundamental course concepts, please contact me so that we can try to resolve these difficulties sooner rather than later.

**Class Participation and Homework Assignments:** Class participation is an important ingredient of learning. Being active in the class is probably the most efficient way to absorb the material in the long run. Every chapter includes problems and applications. Some of these are conceptual, some are numerical and mathematical applications of the theory; others are analytical and encourage you to go beyond the material in the chapter by addressing new issues that are closely related to the chapter topics. **I do assign homework problems and written reading responses to assigned articles. The homework and reading responses must be turned in, and I will call upon you to contribute to class discussions.**

**Blackboard:** All course material will be on blackboard. In addition it is my principal means of communicating with you outside class. Therefore, it is important that you can get on Blackboard and know how to download files, and that your e-mail account is functioning.

#### **OTHER PROCEDURES**

**Add/Drop Process:** In compliance with USC and Marshall policies, this class is open enrollment (R-clearance) through the first three weeks of the semester and is closed (switched to D-clearance) at the end of the third week. There is no wait list for this course, and I am not permitted to add students. This procedure minimizes the complexity of the registration process for students by standardizing across classes.

**Academic Integrity:** Students are expected to adhere to standards of academic integrity that govern students registered at USC. The use of books and notes, communications with fellow students during quizzes and exams, or communication of quiz and exam questions to students of other sections defeats the intent of learning these tools. Students also violate USC standards of academic integrity are subject to disciplinary sanctions, including a grade “F” in the course and suspension from Marshall School and USC. Since dishonesty in any form harms the individual, other students, and the university, policies on academic integrity will be strictly enforced.

**Academic Accommodations:** Any student requesting academic accommodations based on a disability to register with Disability Services and Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please make sure the letter is delivered to me as early in semester as possible. DSP is located in STU 301 and is open fro 8:30 am to 5:00 pm Monday through Friday. The DSP phone is (213) 740-0776.

## LIST OF ARTICLES

- “Nations Seek Success Beyond GDP,” The Wall Street Journal, January 10, 2011.
- “How Did Economists Get It So Wrong,” P. Krugman, New York Times, September 6, 2009.
- “How did Krugman Get It So Wrong,” J. Cochrane, Booth School of Business, September 11, 2009.
- “GDP Fetishism,” Joseph Stiglitz, The Economists’ Voice, September 2009.
- “Seeing Inflation only in the Prices that Go Up,” The New York Times, May 7, 2008.
- “Rising Risk: Foreign Firms Sense Hostility in India,” The Wall Street Journal, April 3, 2012.
- “Shimek and Wen, “Why Do Chinese Households Save So Much?” Federal Reserve Bank of St. Louis International Economic Trends, August 2008.
- “Wen and Shimek, “The U.S. Consumption Boom and Trade Deficit,” Federal Reserve Bank of St. Louis National Economic Trends, October 2007.
- “In Defense of the Dismal Science,” R. Lucas, The Economist, August 2009.
- “Jobs are evolving not becoming Obsolete,” The Economist, September 2011.
- “Unemployment Stays High Despite Low Interest Rates, Fiscal Stimulus,” International Business Times, June 30, 2010.
- “Rising Saving Rate Could Cause Problem For the Economy,” CNN Money, February 2009.
- “Investing in Growth,” IMF, March 2011.
- “The ‘Great Recession’ is actually ‘The Great Investment Collapse’,” Key Trends, June 2010.
- “Who Suffers From Inflation,” The Economist, November 2011.
- “Prices Rally But Individual Investors Still Avoid Stocks,” The Wall Street Journal, 2010.
- “Investors Forecast Lower Bond Prices, Higher Interest Rates,” The New York Times, April 10, 2010.
- “Higher Interest Rates Increase Coupons, Decrease Capital Gains,” The Wall Street Journal, 2010.
- “Building BRICs of Growth,” The Economist, June 7, 2008.
- “Why the Tail Wags the Dog,” The Economist, August 6, 2011.
- “A Tale of Three Islands,” The Economist, October 22, 2011.
- “A Worthless Currency,” The Economist, July 19, 2008.
- “Most 2008 Stimulus Checks were Saved, Not Spent,” The Wall Street Journal, December 16, 2009.

“Monetary Policy Response to the Current Crisis,” FRBSF Economics Letters, May 22, 2009.

“Fed Ready to Help Economy, But Options Are Limited,” The Wall Street Journal, 2010.

“Its Independence Was Threatened, But New Law Grants The Fed New Powers,” The Wall Street Journal. 2010

Glen D. Rudebush, “The Fed’s Monetary Policy Response to the Current Crisis,” Federal Reserve Bank of San Francisco Economic Letter, May 22, 2009.

“Slow Growth Despite Low Interest Rates Has Fed Searching for New Options,” The Wall Street Journal, 2010.

“Lessons From the Malaise,” New York Times, July 26, 2011.

Aubuchon and Wheelock, “Can Social Security Survive the Baby Boomers?” Federal Reserve Bank of St. Louis National Economic Trends, September 2010.

“Stimulus Raising Military Spending Increases Output,” The Economist, October 2011.

“Breaking up the Euro Area,” The Economist, February 2, 2010.

“History Doesn’t Bode Well for the Future of the Eurozone,” The Los Angeles Times, June 27, 2012.

“The Merkel Memorandum,” The Economist, August 11, 2012.

“Questions About Fiscal Policy,” FRB St. Louis, May/June 2010.

“Re-Engineering Retirement,” The Economist, December 2004.

”Strong Yen Sparks National debate,” The Wall Street Journal, August 15, 2011.

“IMF Urges Boosting of Yuan,” The Wall Street Journal, July 21, 2011.

“China Lifts Banks’ Reserve Ratio,” The Wall Street Journal, May 13, 2011.

**COURSE OUTLINE\***

	<b>Daily Activities</b>	<b>Tasks, Readings, &amp; Due Dates</b> FM: Able, Fredric S. Mishkin MB: Miller and Benjamin
<b>Lecture 1</b> Jan 13	Introduction: The Policy and Practice of Macroeconomics	FM: Ch 1
<b>Lecture 2</b> Jan 15	Macroeconomic Basics: Measurement of Macroeconomic Data Aggregate Production and Productivity Saving and Investment in Closed and Open Economies  Applications, Policy and Practice: <ul style="list-style-type: none"> <li>• Can GDP Buy Happiness?</li> <li>• Policy and Overstatements of Cost of Living</li> <li>• Why are some Countries Rich and Others Poor?</li> <li>• Why Has Labor Participation of Women Increased?</li> <li>• Why are Income Inequality and Returns to Education Increasing?</li> <li>• Why are European Unemployment rates Generally Much Higher than U.S. Unemployment rates?</li> <li>• Unemployment Insurance and Unemployment</li> <li>• Minimum Wage Laws</li> <li>• Explaining Real Wage Growth</li> <li>• Oil Shocks, Real Wages, and the Stock Market</li> </ul>	FM: Ch 2, and Ch 3
<b>Lecture 3</b> Jan 16	Macroeconomic Basics: Saving and Investment in Closed and Open Economies  Applications, Policy and Practice: <ul style="list-style-type: none"> <li>• How the United States Became the Largest Net debtor in the World</li> <li>• The Twin Deficits</li> </ul>	FM: Ch 4 MB: Ch 8
<b>Lecture 4</b> Jan 20	Long-Run Economic Growth: The Sources of Growth and the Solow Model  Applications, Policy and Practice: <ul style="list-style-type: none"> <li>• *Evidence on Convergence, 1960-2012</li> <li>• *U.S. Growth in the Postwar Period</li> </ul>	FM: Ch 6 MB: Ch 1, and Ch 3
<b>Lecture 5</b> Jan 22	Long-Run Economic Growth: Drivers of Growth: Technology, Policy, and Institutions  Applications, Policy, and Practice: <ul style="list-style-type: none"> <li>• Does Population Growth Improve Living Standard?</li> <li>• Government Measures to Increase Human Capital</li> <li>• The World Bank's Doing Business</li> <li>• Does Foreign Aid Work?</li> </ul>	FM: Ch 7 MB: Ch 4, and Ch 5

<b>Lecture 6</b> Jan 27	Business Cycles: The Short Run: Business Cycles-- An Introduction Aggregate Demand and supply Model  Applications, Policy, and Practice: <ul style="list-style-type: none"> <li>• The Volker Disinflation, 1980-1986</li> <li>• Negative Supply Shocks, 1973-1975 and 1978-1980</li> <li>• Positive Supply Shocks, 1995-1999</li> <li>• Negative Supply and demand Shocks and the 2007-2009 Financial Crisis.</li> <li>• The United Kingdom and 2007-2009 Financial Crisis.</li> <li>• China and the 2007-009 Financial Crisis</li> </ul>	FM: Ch 8, and Ch 12 MB: Ch 6, Ch 8, and Ch 10
<b>Lecture 7</b> Feb 3	Review	
<b>Lecture 8</b> Feb 5	<b>Midterm Exam</b>	
<b>Lecture 9</b> Feb 10	Macroeconomic Policy: Macroeconomic Policy and Aggregate Demand and Supply Analysis  Applications, Policy and Practice: <ul style="list-style-type: none"> <li>• Nonconventional Monetary Policy and Quantitative Easing</li> <li>• The Activist/Non-activist Debate Over the Obama Fiscal Stimulus Package</li> <li>• The Fed's Use of the Taylor Rule</li> <li>• Abenomics and the Shift in Japanese Monetary Policy in 2013</li> </ul>	FM: Ch 13
<b>Lecture 10</b> Feb 12	Macroeconomic Policy: Monetary Policy and Financial Institutions and Markets Money and Inflation The Financial System and Economic Growth  Applications, Policy and Practice: <ul style="list-style-type: none"> <li>• Testing the Quantity theory of Money</li> <li>• Testing the Fisher effect</li> <li>• The Zimbabwean Hyperinflation</li> <li>• The Monetary Aggregates</li> </ul>	FM: Ch 5, and Appendix FM: Ch 14 MB: Ch 19, 20, 21, and 24

<b>Lecture 11</b> Feb 17	<p>Macroeconomic Policy: Fiscal Policy and the Government Budget and Debt</p> <p>Applications, Policy and Practice:</p> <ul style="list-style-type: none"> <li>• The Bush Tax Cuts and Ricardian Equivalence</li> <li>• The Entitlements debate: Social Security and Medicare/Medicaid</li> <li>• The European Sovereign Debt Crisis</li> <li>• Two Expansionary Fiscal Contractions: Denmark and Ireland</li> <li>• The debate Over Fiscal Austerity in Europe</li> </ul>	<p>FM: Ch 16 MB: Ch 13, 14, 15, 17, and 18</p>
<b>Lecture 12</b> Feb 19	<p>Macroeconomic Policy: Exchange Rates and International Economic Policy</p> <p>Applications, Policy and Practice:</p> <ul style="list-style-type: none"> <li>• The Global Financial Crisis and the dollar</li> <li>• Why Are Exchange Rates So Volatile?</li> <li>• How Did China Accumulate Over \$3 Trillion of International Reserves?</li> <li>• Will the Euro Survive?</li> <li>• The Collapse of the Argentine Currency Board</li> </ul>	<p>FM: Ch 17 MB: Ch 25, 27, and 28</p>
<b>Lecture 13</b> Feb 24	<p>Finance and Macroeconomy: The Financial Crisis and the Economy</p> <p>Applications, Policy, and Practice:</p> <ul style="list-style-type: none"> <li>• The Mother of All Financial Crisis: The Great depression</li> <li>• The Global Financial Crisis of 2007-2009</li> <li>• Was the Fed to Blame for the Housing Price Bubble?</li> <li>• The Federal Reserve's Nonconventional Monetary Policies and Quantitative easing During the Global Financial Crisis</li> <li>• Japan's Lost Decade, 1992-2002</li> <li>• Debate over Central Bank response to Bubbles</li> </ul>	<p>ABC: Ch 15 MB: Ch 26, and 27</p>
<b>Lecture 14</b> Feb 26	Review	
<b>Lecture 15</b> March 4	<b>Final Exam</b>	

\*All details in this schedule are subject to change with adequate notice.

## **Evaluation Form for Group Presentation**

Please make a copy of this form. Write the course name, the date of presentation, the group number, title of the presentation, and members' names. Submit it to me before your presentation. Please attach references to all the sources that you consulted.

Course # \_\_\_\_\_ Course Name: \_\_\_\_\_

Date: \_\_\_\_\_ Group Number: \_\_\_\_\_

Title: \_\_\_\_\_

Names: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

	Excellent 4 pts.	Very Good 3 pts.	Good 1 pt.	Poor 0 pt.
Introduction gained attention				
Objectives of the research were explained well				
Content was presented clearly				
Content was well organized				
Knowledge of the subject matter				
Economic terminologies and tools were used properly				
Interaction and response to students' questions				
Conclusion was consistent with the content				
Data and graphs were used to back the arguments				
Data and information were from qualified sources				
Total				