

# USC Marshall

School of Business

## **ECON 352: Macroeconomics for Business**

**Spring 2015**

**Location: SOS B46**

**Day & Time: TTh 6:00-7:50pm**

**Section Number: 26363R**

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<b>Office hours:</b>	Tuesdays and Thursdays 2:30-3:30 pm, or by appointment
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### **Course Description**

This course in macroeconomics will help you understand how economies function, both in the national and international contexts. Such an understanding should allow you to make sound and informed business decisions. Economics is one of the foundations for other functional areas within business, such as Finance and Marketing, 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, such as long run economic growth, inequality, inflation, unemployment, monetary and fiscal policy, short run fluctuations of the economy, savings and investment in the open economy, and exchange rate determination. 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. Note that we will spend a considerable amount of time learning macroeconomic theories since those tools are very important in analyzing the real-world events in a sensible way.

### **Course Learning Objectives**

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 about the U.S. and world economy.

### **Alignment with Marshall School of Business Program Learning Goals**

**Learning Goals:** In this class, emphasis will be placed on the USC Marshall School of Business learning goals as follows:

<b>Goal</b>	<b>Description</b>	<b>Course Emphasis</b>
<b>1</b>	Our graduates will have an understanding of the key business areas and their interplay <i>to effectively manage different types of modern enterprise.</i>	High
<b>2</b>	Our graduates will have a global mindset <i>demonstrating an understanding of the interplay of local, regional, and international markets, and economic, social and cultural issues.</i>	High
<b>3</b>	Our graduates will demonstrate critical thinking skills, decision-making, and problem-solving abilities to <i>strategically navigate complex demands of business environments.</i>	High
<b>4</b>	Our graduates will demonstrate leadership skills, <i>aspiring to be informed, sensible, future-oriented leaders and innovators.</i>	Low
<b>5</b>	Our graduates will demonstrate ethical reasoning skills, understand social, civic and professional responsibilities and aspire to add value to society.	Low
<b>6</b>	Our graduates will be effective communicators in speaking and writing <i>to facilitate information flow in organizational, social, and intercultural contexts.</i>	Moderate

### **Prerequisites:**

ECON 351 (Microeconomics for Business) or equivalent. I will assume that you are familiar with basic algebra and math at the high school level. I will also assume that you can use Excel. We will spend one lecture reviewing the basic mathematical tools and Excel we will use in this course. You should expect direct math questions in the first exam.

### **Required Course Material:**

The required textbook for this course is Macroeconomics by Andrew A. Able and Ben S. Bernanke, Addison-Wesley, 8<sup>th</sup> ed.

**ISBN: 9781269335782**

The textbook is bundled with a MyEconLab Student Access Code Card. MyEconLab (MEL) is a study tool provided by the publisher to help you master the material. There is an on-line Study Guide, self-administered Practice Tests, and other resources. **We will use MEL for graded**

**Homework assignments. Detailed MEL registration and course enrollment information is provided towards the end of the syllabus.**

We will watch parts of the Commanding Heights video. You can stream the video directly from the PBS website for free at the following address:

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

**Your exams will have direct questions from that material as well as from the material discussed in class presentations.**

Power point slides of the lectures and other course material will be available on Blackboard. I will also use the site for announcements. You will receive an email notification each time an announcement is posted.

You will be responsible for all the material covered during lectures, including the articles we will discuss. **It is very important that you attend all classes.**

### **Technology Requirements:**

Besides access to MyEconLab and Blackboard, you will also need access to Microsoft Excel software. USC students can download Microsoft Office 2013 for free use on up to five devices. The software is available both for Windows and Apple. More information can be found at <http://itservices.usc.edu/office/>.

<b><u>Grading Policies:</u></b>	Group Presentation	10 %
	MyEconLab & Participation	10 %
	Midterm 1 & 2	50 %
	Final	30 %

**Presentation:** You will form groups of 5 people and present one of the topics given towards the end of the syllabus. Presentations will take place throughout the semester on the days indicated on the schedule below. All members of the group must be present and participate. Failure to be present the day of your group presentation will result in a grade of zero. **You must sign up for a topic by the end of the 2<sup>nd</sup> week.**

Teams are expected to make a formal presentation with slides (about 7-10 minutes) and lead a class discussion (about 10 minutes). Please use **Blackboard groups** function to select a topic/group you would like to belong to.

Also please **send 6-7 questions about the topic you will be covering to your classmates at least 24 hours before your presentation.** They will have to answer those questions at the end of your presentation. **Failure to send these questions ON TIME will affect your presentation score.** A grading rubric for the presentations can be found on Blackboard under “Content”.

I will also post a rubric for Peer Evaluations on Blackboard. Each student will evaluate every team member. I will look at the average score each student gets from their team and make adjustments to individual scores, if necessary. Grades will be posted at the end of the semester.

**MyEconLab - Assignments:** MEL homeworks will be assigned after we finish each chapter. I will send an email to the class list notifying you that there is a new homework and you will see the deadline for it on the MEL website. You get instant feedback on your answers. If your answer is wrong, you can reattempt the question. There is a limit of 3 attempts per question. Late work will not be graded, no matter what the excuse is. But I will drop your lowest assignment score.

*Important:* MEL tends to crash when too many students are submitting answers. I recommend that you work on MEL as soon as the homework is assigned. If the website crashes and you do not have time to fill all your answers, it will be your responsibility!

In addition to MEL, **your active participation** in class is very important. For that your attendance is crucial.

**Midterm Exams:** The first midterm exam will be on **Tuesday, February 17th**, during scheduled class time. It will test material covered up to the exam. The second midterm exam will be on **Tuesday, April 7th**, during scheduled class time. It will test material covered after the first midterm. The weight of each midterm will be 25%. **No midterm makeup will be given.** In case of proven medical emergencies, the weight of the midterm will be added to the final exam.

**Final Exam:** The final exam will be on **Thursday, May 7th, at 7:00 - 9:00 pm**. It will be **comprehensive**. No makeup exams will be given, except for proven medical emergencies.

**All exams will be closed book and notes.**

**Grade Appeals:** If you are not satisfied with your grade on an exam, you can appeal to me in writing, within one week after the exam is handed out.

### **Class Etiquette:**

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

- **NO LAPTOPS OR OTHER INTERNET ACCESS DEVICES MAY BE USED IN CLASS FOR ANY REASON.**
- **Please turn your cell phones off before 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.

### **Marshall tutoring Program:**

The Marshall Office of Undergraduate Advising offers Peer Tutoring as a supplement to classroom instruction. Marshall Peer Tutors are able to assist students in understanding and clarifying difficult concepts, but tutoring sessions are effective only if students regularly attend class and actively engage in the process of thinking critically about the course content.

Marshall Peer Tutoring services are available for core courses that are traditionally challenging, including ECON 351x, ECON 352x, BUAD 310, and BUAD 306. Tutoring will begin on the fourth week of classes. It is offered in a group format and is designed to review and discuss content covered in the previous week and/or the current week.

Group tutoring sessions do not require an appointment. Simply drop by the Experiential Learning Center (ELC) in the basement of Bridge Hall. For the schedule and more information on tutoring, see <http://students.marshall.usc.edu/undergrad/advising/> or contact the Marshall Office of Undergraduate Advising in BRI-104, by phone 213-740-0690, or email [undergrad.advising@marshall.usc.edu](mailto:undergrad.advising@marshall.usc.edu).

## **Academic Conduct**

Plagiarism – presenting someone else’s ideas as your own, either verbatim or recast in your own words – is a serious academic offense with serious consequences. Please familiarize yourself with the discussion of plagiarism in *SCampus* in Section 11, *Behavior Violating University Standards* <https://scampus.usc.edu/1100-behavior-violating-university-standards-and-appropriate-sanctions/>. Other forms of academic dishonesty are equally unacceptable. See additional information in *SCampus* and university policies on scientific misconduct, <http://policy.usc.edu/scientific-misconduct/>.

Discrimination, sexual assault, and harassment are not tolerated by the university. You are encouraged to report any incidents to the *Office of Equity and Diversity* <http://equity.usc.edu/> or to the *Department of Public Safety* <http://capsnet.usc.edu/departments/departments-public-safety/online-forms/contact-us>. This is important for the safety of the whole USC community. Another member of the university community – such as a friend, classmate, advisor, or faculty member – can help initiate the report or can initiate the report on behalf of another person. *The Center for Women and Men* <http://www.usc.edu/student-affairs/cwm/> provides 24/7 confidential support, and the sexual assault resource center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

## **Support Systems**

A number of USC’s schools provide support for students who need help with scholarly writing. Check with your advisor or program staff to find out more. Students whose primary language is not English should check with the *American Language Institute* <http://dornsife.usc.edu/ali>, which sponsors courses and workshops specifically for international graduate students. *The Office of Disability Services and Programs* [http://sait.usc.edu/academicsupport/centerprograms/dsp/home\\_index.html](http://sait.usc.edu/academicsupport/centerprograms/dsp/home_index.html) provides certification for students with disabilities and helps arrange the relevant accommodations. If an officially declared emergency makes travel to campus infeasible, *USC Emergency Information* <http://emergency.usc.edu/> will provide safety and other updates, including ways in which instruction will be continued by means of blackboard, teleconferencing, and other technology.

**Course Outline: <sup>1</sup>**

<b>Lect.</b>	<b>Date</b>	<b>Topic / Activities</b>	<b>Readings</b>	<b>Applications / Presentations</b>
1.	1/13	Introduction	1	
2.	1/15	Review of Math and Excel		
3.	1/20	Measurement of Economic Performance	2	
4.	1/22	Measurement of Economic Performance	2	
5.	1/27	Production and the Labor Market	3.1, 3.2, 3.3-3.5	
6.	1/29	Production and the Labor Market	3.1, 3.2, 3.3-3.5	
7.	2/3	Production and the Labor Market	3.1, 3.2, 3.3-3.5	1. GDP
8.	2/5	Consumption and Investment	4.1, 4.2, 4.3, 4.A	2. CPI and Inflation
9.	2/10	Consumption and Investment	4.1, 4.2, 4.3, 4.A	3. Employment
10.	2/12	Review for Midterm 1		
<b>11.</b>	<b>2/17</b>	<b>Midterm 1</b>		
12.	2/19	Business Cycle facts	8.1-8.3,10.1	
13.	2/24	Business Cycle facts	8.1-8.3,10.1	4. Unemployment
14.	2/26	Money and Price	7 (except 7.2)	5. Minimum Wages
15.	3/3	Money and Price	7 (except 7.2)	6. Migration
16.	3/5	Federal Reserve Bank	14, 12.1	7. Income Distribution
17.	3/10	Federal Reserve Bank	14, 12.1	8. Savings & Investment
18.	3/12	<b>Commanding Heights</b>		
	3/17	<b><i>Spring Break</i></b>		
	3/19	<b><i>Spring Break</i></b>		
19.	3/24	Economic Growth	6	
20.	3/26	Economic Growth	6	9. Monetary Policy
21.	3/31	Economic Growth	6	
22.	4/2	Review for Midterm 2		
<b>23.</b>	<b>4/7</b>	<b>Midterm 2</b>		
24.	4/9	Fiscal Policy	15.1-15.3	
25.	4/14	Fiscal Policy	15.1-15.3	10. Ireland
26.	4/16	Balance of payments	5.1-5.3, 5.5	11. China
27.	4/21	Balance of payments	5.1-5.3, 5.5	12. Taxes
28.	4/23	Exchange Rates	13.1,13.2,13.5	13. Debt
29.	4/28	Exchange Rates	13.1,13.2,13.5	14. Outsourcing
30.	4/30	Review for Final Exam		
	<b>5/7</b>	<b>Final Exam 7:00 – 9:00 pm</b>		<b>Cumulative</b>

<sup>1</sup> All details in this schedule are subject to change with adequate notice.

### **Presentation Topics and Guidelines:**

Prepare a formal presentation using slides (7-10 minutes) and lead a class discussion (about 10 minutes). Send 6-7 questions to your classmates at least 24 hours before your presentation about the topic you will be covering. They will have to answer those questions at the end of your presentation. **Explain to the audience why this topic may be important for them** (imagine being asked a question about this topic in an interview).

Note that the articles I provide are meant to get you started to work on the topic. You can and should look for more information.

Some useful blogs:

<http://conversableeconomist.blogspot.com>

<http://gregmankiw.blogspot.com>

<http://krugman.blogs.nytimes.com>

### **Application # 1: GDP and beyond**

1. Go to the Conference Board Total Economy Database: <http://www.conference-board.org/data/economydatabase/>
2. Download *Total Economy Database*<sup>TM</sup>, Output, Labor, and Labor Productivity Country Details, 1950-2013. It is under the “Data” heading.
3. This is an Excel sheet that includes various data sheets. Use GDP-capita GK (which has per capita GDP numbers all in dollars).
4. Using data for U.S, Canada, UK, Germany, France, Sweden and Spain graph the level of GDP in 1950 and in 2013.
5. Compute growth rates for these countries and graph the growth rates between 1950 and 2013.
6. Discuss which countries seem to have done better during this time using this measure.
7. Read: The WSJ, “Nations Seek Success Beyond GDP” <http://www.wsj.com/articles/SB10001424052748704064504576070343252409876>; “GDP Fetishism,” Joseph Stiglitz, *The Economists’ Voice*, September 2009; and “A New Measure of Well-Being From a Happy Little Kingdom”, New York Times, October 2005 <http://www.nytimes.com/2005/10/04/science/04happ.html?pagewanted=all>

**Deliverable:** Prepare a presentation that incorporates the above articles, illustrates the work you have done (the data charts prepared by your team in Excel), and discusses any points raised above as well as the following questions: Why do economists use GDP? What are the shortcomings of this measure? What other measures are there?

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### **Application # 2: CPI, Inflation, Real and Nominal**

1. Find the latest news release about the consumer price index at: <http://www.bls.gov/cpi/#news>
2. Go to Federal Reserve Bank of St. Louis site that has data on price indices: <http://research.stlouisfed.org/fred2/categories/9>
3. Download monthly historical data for **Consumer Price Index for All Urban Consumers: All Items** (monthly, seasonally adjusted).
4. Compute the inflation rate based on this series (use  $\Delta x/x$ ). Plot the price index and the inflation rate for 1950-most current.
5. Examine and present the data for regular gasoline retail price from <http://www.eia.gov/forecasts/steo/realprices/>. Compare the real price in 1980 to current data.
6. Read: "Seeing Inflation Only in the Prices that Go Up", The New York Times, May 7, 2008. [http://www.nytimes.com/2008/05/07/business/07leonhardt.html?\\_r=0](http://www.nytimes.com/2008/05/07/business/07leonhardt.html?_r=0) and Federal Reserve Bank of St Louis, "Nominal vs Real Oil Prices", <http://www.stlouisfed.org/publications/itv/articles/?id=1214>.

**Deliverable: Prepare a presentation that incorporates the above articles, illustrates the work you have done, and discusses any points raised above. First give us background information on data related to measuring inflation (with graphs generated by your group in Excel). Then use real and nominal oil prices to explain the difference between these measures and what it means to consumers and firms.**

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### **Application # 3: Employment**

1. Find the latest news release about employment conditions at: <http://www.bls.gov/news.release/jec.nr0.htm>.
2. Get data on the employment status of the civilian population by sex and age from <http://www.bls.gov/news.release/empsit.t01.htm> which contains the table "Table A-1. Employment status of the civilian population by sex and age".
3. Discuss what has happened with employment, participation rate, employment to population ratio by age and gender. Include time series graphs.
4. Read: "A Guide to Womenomics", The Economist, April 12, 2006 and "Young, Underemployed and Optimistic" by Pew Research, Feb. 2012 <http://www.pewsocialtrends.org/2012/02/09/young-underemployed-and-optimistic/>

**Deliverable: Prepare a presentation that incorporates the above articles, illustrates the work you have done (the data charts prepared by your team in Excel), and discusses any points raised above (what has been happening to employment by age and gender).**

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#### **Application # 4: Unemployment**

1. Find data on unemployment rate: <http://www.bls.gov/cps/cpsaat01.htm> HOUSEHOLD DATA, ANNUAL AVERAGES 1. Employment status of the civilian noninstitutional population, 1941 to date.
2. Graph the historical data on unemployment rate.
3. Explain how the job calculator of the Atlanta Fed works.  
<http://www.frbatlanta.org/chcs/calculator/?d=1&s=qp>
4. Explain the average monthly change in payroll employment needed to achieve unemployment rates of 4%, 5%, 6% and 7%. You can use the calculator given at  
<http://www.frbatlanta.org/chcs/calculator/?d=1&s=qp>
5. Read: “Comparing Jobs in Recessions and Recoveries”, The New York Times, November 8, 2012.  
[http://economix.blogs.nytimes.com/2013/11/08/comparing-jobs-in-recessions-and-recoveries-3/?ref=unemployment&\\_r=0](http://economix.blogs.nytimes.com/2013/11/08/comparing-jobs-in-recessions-and-recoveries-3/?ref=unemployment&_r=0)

**Deliverable:** Prepare a presentation that incorporates the above articles, illustrates the work you have done (the data charts prepared by your team in Excel), and discusses any points raised above. Make sure to give background information on data related to unemployment, and to give us a sense about what kind of jobs numbers would be considered positive and potentially propel stocks higher.

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#### **Application # 5: Minimum Wage**

1. Use data from <http://www.bls.gov/cps/minwage2013.pdf> to generate pie graphs on the characteristics of minimum wage workers.
2. Read: <http://conversableeconomist.blogspot.com.tr/2014/08/characteristics-of-us-minimum-wage.html>

Robert Reich, “Why the minimum wage should really be raised to \$15 an hour”

<http://robertreich.org/post/82134788482>

David Neumark, “Delay the Minimum-Wage Hike: A recession is the worst time to raise the cost of low-skilled employment”. June 12, 2009. WSJ.

**Deliverable:** Prepare a presentation that incorporates the above articles, and illustrates the work you have done (the data charts prepared by your team in Excel). First give us background information about the data on the history of the minimum wage (real and nominal). Explain the characteristics of the workers receiving minimum wage. Discuss the pros and cons of the minimum wage.

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### **Application # 6: Migration Inflows to the U.S**

1. Download data on immigration  
<http://www.dhs.gov/yearbook-immigration-statistics-2013-lawful-permanent-residents>
2. Present the data on immigration. For example: What happened to immigration as a percent of total US population over time? (Table 1: Persons Obtaining Lawful Permanent Resident Status: Fiscal Years 1820 to 2013) Notice you need to find population numbers for the US to calculate the ratios. Use pie charts to show what fraction of immigration is based on family reasons versus employment reasons (Table 9: Persons Obtaining Lawful Permanent Resident Status by Broad Class of Admission and Selected Demographic Characteristics: Fiscal Year 2013). How are they distributed by age and occupation? (Table 8)
3. Read: “Myths and migration: Do immigrants really hurt American workers' wages?” Economist, Apr 6th 2006 <http://www.economist.com/node/6771382> and The Economist, July 2005. “Displacement activity” <http://www.economist.com/node/4150407>

**Deliverable: Prepare a presentation that incorporates the above articles, illustrates the work you have done (the data charts prepared by your team in Excel), and discusses any points raised above. In particular, give us background information on data related to the composition of immigrants. Then explain the issues discussed in the articles touching on issues such as: What are potential benefits and losses related to immigration; what should the future immigration policy in the U.S. look like?**

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### **Application # 7: Income Distribution**

1. Download data <http://topincomes.g-mond.parisschoolofeconomics.eu>
2. Read articles:
  - a. The Economist, May 2014. “The Economist explains: Thomas Piketty’s “Capital”, summarized in four paragraphs”.
  - b. GEBELOFF and DEWAN, January 2012, New York Times. “What the Top 1% of Earners Majored In” <http://economix.blogs.nytimes.com/2012/01/18/what-the-top-1-of-earners-majored-in/?ref=business&r=0> and
  - c. Bakija, Cole, and Heim, 2012 “Jobs and Income Growth of Top Earners and the Causes of Changing Income Inequality: Evidence from U.S. Tax Return Data” <https://web.williams.edu/Economics/wp/BakijaColeHeimJobsIncomeGrowthTopEarners.pdf>

**Deliverable: Prepare a presentation on income distribution in the U.S. Incorporate the above articles, discussions around the subject, and illustrate the work you have done (the data charts prepared by your team in Excel).**

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### **Application # 8: Saving and Investment**

1. Download data on the national saving rate in the U.S. Table 5.1. Saving and Investment by Sector from <http://www.bea.gov/iTable/iTable.cfm?ReqID=9&step=1>. Make an annual time series graph (Gross saving as a percentage of gross national income) by customizing the data to start from 1960 and go until the most recent year.
2. Download data (**DOWNLOAD DATA button is in the upper-right corner**) on saving rates across countries from: <http://data.worldbank.org/indicator/NY.GNS.ICTR.ZS>  
Graph the data (perhaps bar graphs) for the most recent year.
3. Read articles: “Saving a Top Priority for Chinese...But Why?”  
<http://blog.nielsen.com/nielsenwire/wp-content/uploads/2010/10/nielsen-china-savings-rate-oct-2010.pdf>  
and “Saving: Too thin a cushion”, The Economist, April 2013.  
<http://www.economist.com/blogs/freeexchange/2013/04/saving>

**Deliverable:** Prepare a presentation on saving rate across countries. Give background information on data related to the savings rate, illustrate the work you have done (the data charts prepared by your team in Excel), incorporate the above articles, and make sure to discuss the following questions: How is the savings rate calculated? What is the difference between gross and net saving rates? Why do we care about saving rates?

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### **Application # 9: Monetary Policy and the Fed: Zero Lower Bound**

1. Go to the Federal Reserve Bank of St. Louis web page (FRED):  
<http://research.stlouisfed.org/fred2/release?rid=18>. Among the “H.15 selected interest rates” choose Effective Federal Funds Rate. Download the data to an excel sheet and display the data since 1950 at a monthly frequency.
2. From <http://research.stlouisfed.org/fred2/categories/124> Monetary Base data select “St. Louis Adjusted Monetary Base”. Download the data and create a graph of the monetary base.
3. Read articles: FRBSF Economic Letter The Fed's Monetary Policy Response to the Current Crisis <http://www.frbsf.org/publications/economics/letter/2009/el2009-17.html>  
and J. Taylor, “The Role of Policy in the Great Recession and the Weak Recovery”  
[http://web.stanford.edu/~johntayl/2014\\_pdfs/Taylor\\_Manuscript\\_Role\\_of\\_Policy\\_in\\_Great\\_Recession\\_and\\_Weak\\_Recovery-May-2014.pdf](http://web.stanford.edu/~johntayl/2014_pdfs/Taylor_Manuscript_Role_of_Policy_in_Great_Recession_and_Weak_Recovery-May-2014.pdf)

**Deliverable:** Prepare a presentation on the Federal Reserve Bank. Illustrate the work you have done (the data charts prepared by your team in Excel), incorporate the above articles, and make sure to address the following questions: What are some of the policy tools commonly used by the Fed? What was zero lower bound? How did the Fed react to the Great Recession? What is QE? What happened to the money supply and interest rates? How about output and employment? Is there anything the Fed could have done differently to help the economy?

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### **Application # 10: Economic Growth in Ireland**

1. Go to the Conference Board Total Economy Database:  
<http://www.conference-board.org/data/economydatabase/index.cfm?id=27762>
2. Download *Total Economy Database™, Output, Labor, and Labor Productivity Country Details, 1950-2013*. It is under the “Downloadable files” heading. This is an Excel sheet that includes various data sheets. Use GDP-capitaGK and graph and compare the growth experience of Ireland versus a selection that is up to you (from the earliest time period to the most current that is available).
3. Read articles:  
Padraic Halpin, Nov. 2012. “Guarded optimism on Irish economy despite growth cut”:  
<http://www.reuters.com/article/2012/11/01/us-ireland-growth-idUSBRE8A01CG20121101>  
and The Economist, Nov 2014. “The Emerald Shines Again”.

**Deliverable:** Prepare a presentation on the Irish economy explaining the past and the present data and relating it to the current news about the Irish economy. Illustrate the work you have done (the data charts prepared by your team in Excel), incorporate the above articles, and make sure to address the following questions: What was special about the Irish growth experience? How did the Great Recession impact them? How are they doing now?

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### **Application # 11: Economic Growth in China**

1. Go to World Bank data base: <http://databank.worldbank.org/data/home.aspx>
2. Select China (and some other countries that you think would provide an interesting comparison) as the countries to examine (under the “to view more click here” button). In the option about “series” select GDP per capita, PPP (constant 2005 international \$), and other variables that you find important. Then select the longest data available under the “time” button.
3. Prepare Excel graphs (time series, two or more countries) on the data you find important.
4. Read:  
“Dreaming With BRICs: The Path to 2050” article of Goldman Sachs  
(<http://www.goldmansachs.com/korea/ideas/brics/99-dreaming.pdf>)  
and The Economist, Nov. 2014. “The Impact of a China Slowdown”.

**Deliverable:** Prepare a presentation on the historical performance of China’s growth and what you expect of the future. Illustrate the work you have done (the data charts prepared by your team in Excel), and incorporate the above articles. In predicting the future use the Goldman Sachs report and explain the Solow Growth model, and how it was used in the Goldman Sachs report. Make it understandable to a non-economist audience.

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### **Application # 12: Taxes**

1. Download cross country tax rates using data from:  
<http://www.sas.upenn.edu/~egme/pp/newtaxdata.pdf>
2. Prepare Excel graphs (time series and several countries) to show differences in tax rates across time and across countries.
3. Read: Nov. 2014, Sources of Government Revenue in the OECD, 2014  
<http://taxfoundation.org/article/sources-government-revenue-oecd-2014> and  
Nov 15, 2014, “New CBO study shows that ‘the rich’ don’t just pay their ‘fair share,’ they pay almost everybody’s share”, <http://www.aei.org/publication/new-cbo-study-shows-rich-dont-just-pay-fair-share-pay-almost-everybodys-share/> and  
“Why Europeans Work Less Than Americans” [http://www.forbes.com/2006/05/20/steven-landsburg-labor\\_cx\\_sl\\_06work\\_0523landsburg.html](http://www.forbes.com/2006/05/20/steven-landsburg-labor_cx_sl_06work_0523landsburg.html)

**Deliverable:** Prepare a presentation that incorporates the above articles, illustrates the work you have done (the data charts prepared by your team in Excel), and make sure you address the following questions: How large is the federal income tax in the US? What other types of taxes do people pay? How do these tax rates compare with some other countries? Should we lower taxes or increase them? How would a change in taxes affect people’s incentives to work?

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### **Application # 13: Debt**

1. Go to the Long-Term Budget Outlook by the Congressional Budget Office at:  
<http://www.cbo.gov/publication/21546>. The complete report is at  
<http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/115xx/doc11579/06-30-ltbo.pdf>  
I know it is a long report! Pages 1-22 would be enough.
2. Download the Excel file under “Data Underlying Scenarios and Figures” (It’s in the upper-right corner).
3. Use the debt projections in sheets “Summary Extended Baseline” and “Summary Alt. Fiscal Scenario”. Graph the debt to GDP ratios under these two scenarios in one graph.
4. Read the articles:  
CBO outlook on long-term debt worsens <http://thehill.com/blogs/on-the-money/budget/167781-cbo-outlook-on-long-term-debt-worsens>  
and The Economist, Oct. 2013. “The shutdown and the debt ceiling: Has the fever broken?”

**Deliverable:** Prepare a presentation on the U.S. debt incorporating the above articles/reports. Explain the path of U.S. debt since WWII. Why has the U.S. accumulated so much debt? Do you think that our debt is sustainable or not? Why? What are some possible ways of reducing our debt? What was the government shutdown in 2013 about? Support your analysis with the graphs you generated and using the original CBO report.

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### **Application # 14: Outsourcing**

1. Go to the BEA web site for International Data: [http://www.bea.gov/iTable/index\\_ita.cfm](http://www.bea.gov/iTable/index_ita.cfm)
2. Click “begin using the data” and select “International Transactions”. Select Table 3.1 U.S. International Trade in Services. Using the ‘modify’ option get annual data on export of services and import of services. Download them to an Excel sheet.
3. Go to the BEA page [http://www.bea.gov/iTable/index\\_nipa.cfm](http://www.bea.gov/iTable/index_nipa.cfm)
4. Download Table 1.1.5 Gross Domestic Product. (Notice this data is in billions of dollars). Make the same changes under **Options** as described in Step 2
5. Using the 2 data sources downloaded generate Imports of services as a percent of GDP. Also generate export of services as a percent of GDP. Graph the data.
6. Read the article: Demystifying Outsourcing  
<http://www.imf.org/external/pubs/ft/fandd/2004/12/pdf/amiti.pdf> and The Economist, January 2013, “Here, there and everywhere”.  
[http://www.economist.com/sites/default/files/20130119\\_offshoring\\_davos.pdf](http://www.economist.com/sites/default/files/20130119_offshoring_davos.pdf)

**Deliverable: Prepare a presentation on outsourcing and offshoring. Illustrate the work you have done (the data charts prepared by your team in Excel), incorporate the above articles, and make sure to address the following: What has happened in the past, what are the future trends? What happened to the imports and export of services since late 1990s.**

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