

Macroeconomics for Business

Faculty and Contact Information

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Course Scope and Objectives

ECON 352x is a fundamental business course in macroeconomics which deals with the overall macroeconomic environment businesses operate both within a country and in a global setting. Domestic and foreign demand for products and services, the cost of capital and labor, the efficiency with which firms operate to utilize available factors of production, and how individuals make their consumption/saving decisions are shaped by global economic conditions and government policies. Businesses face critical decision making both in the short and the long run. Which countries are best places to operate in over the next 5-10 years? What are the reasons for choosing a particular country over another? What institutions and government policies are critical in this decision? How can businesses optimize their operations in the short run, over the next year or two, given the expected government policies and the overall global business climate? Are wages and interest rates expected to rise? How about exchange rates? What is the impact of high government debt on the economy? How do taxes and spending affect the economy? If an emerging economy enters your industry, what is the outlook for your business? Macroeconomics will help you acquire the tools required to understand these issues and make critical decisions; first by introducing you to macroeconomic data, second by providing you with a framework to think about these issues, and finally by discussing recent economic events through the lens of these data and models.

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. At the end of the 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. 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.
8. Understand and control the factors what lead to effective teamwork.
9. Demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in professional contexts.

Alignment with Marshall School of Business Program Learning Goals

The above course learning objectives support the Marshall School of Business' program **learning goals** in the following way:

1. Our graduates will understand types of markets and key business areas and their interaction to effectively manage different types of enterprises. (HIGH)
2. Our graduates will develop a global business perspective. They will understand how local, regional, and international markets, and economic, social and cultural issues impact business decisions so as to anticipate new opportunities in any marketplace. (HIGH)
3. Our graduates will demonstrate critical thinking skills so as to become future-oriented decision makers, problem solvers and innovators. (HIGH)
4. Our graduates will develop people and leadership skills to promote their effectiveness as business managers and leaders. (MEDIUM)
5. Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society. (LOW)
6. Our graduates will be effective communicators to facilitate information flow in organizational, social, and intercultural contexts. (MEDIUM)

Prerequisites

- ECON 351 (Microeconomics for Business) or equivalent
- MATH 118 (Fundamental Principles of the Calculus) or equivalent, for which a working knowledge of basic algebra is a prerequisite. There will be exam questions requiring calculations.

Course Materials

Required Materials

- **Slides:** I will post slides for each topic before the first class session dealing with that topic. The slides, in pdf format, will appear in the ‘Content’ section of Blackboard.
- **Text:** Andrew B. Abel, Ben S. Bernanke, and Dean Croushore, *Macroeconomics*, ninth edition, and **MyEconLab Student Access Code Card**, Pearson, 2017 (either looseleaf or eText).
- **MyEconLab**, an online instructional resource that contains the homework assignments and other materials. MyEconLab is available either bundled with the text (see above) or separately. If you have a used textbook and wish to purchase MyEconLab separately, go to www.myeconlab.com and then click on “Students” under the “Register” heading.
- **Articles and notes** posted on Blackboard. I may post additional articles.
- **Video:** *Commanding Heights: The Battle for the World Economy*, which can be streamed free of charge from PBS at www.pbs.org/wgbh/commandingheights. After choosing either the high or low bandwidth option, click on “Storyline” to select the appropriate episode and chapter. There are three episodes, each of which is divided into several chapters. The site includes a transcript of each chapter if you wish to review the material. The entire series is available on DVD, and there is an accompanying book of the same name by Daniel Yergin and Joseph Stanislaw, both of which are available for optional purchase from PBS online and other retailers. As time permits, relevant sections may be viewed in class or listed for you to watch on your own. There will be questions from these episodes in exams.

Recommended or Optional Materials

- **Popular Press:** I suggest that you get in the habit of regularly reading economic and business news through the lens of the material covered in this course. My favorite source of weekly news is *The Economist*, a British publication with extensive U.S. and world coverage. Several high-quality daily newspapers are available such as *The Wall Street Journal* with information on both U.S. and world events, *The New York Times* and *The Financial Times* of London. FT has a stronger international flavor and less detailed coverage of U.S. events. than either of the domestic newspapers.

Course Requirements and Grading

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

| Requirement | Weight |
|--|--------|
| Homework Assignments | 12% |
| Class Participation and In-Class Exercises | 8% |
| Midterm Exams (2) | 40% |
| Final Exam | 40% |
| Total | 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 required undergraduate courses can be expected to be close to 3.00 (corresponding to a B) out of 4.00.

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

Exams (80%)

Each midterm exam is **non-cumulative** and will address the subject matter that precedes it. In contrast, the final exam is **cumulative**. For all the exams, you are responsible for the assigned textbook chapters (including the "applications" sections), any material covered in class, the assigned articles and notes, and any assigned video segments from *Commanding Heights*. The exams are intended to assess how well you understand the basic ideas and principles.

You will have 90 minutes for the midterms and 110 minutes for the final. All exams are closed-book, closed-notes. You may use a calculator but not a cell phone, laptop, or any other electronic device.

| Exam Dates | |
|----------------------------|------------------------|
| Midterm 1 | Wednesday, February 22 |
| Midterm 2 | Wednesday, March 29 |
| Final (02:00 P.M. section) | Monday, May 08 |

Please note: The times of final exams are determined by the University's final exam schedule, shown at <https://classes.usc.edu/term-20171/calendar/>. In the event of a conflict, the times shown in the University schedule supersede those contained in this syllabus.

Homework Assignments (12%)

MyEconLab (MEL) is a study tool provided by the publisher to help you master the material. It includes an online study guide, self-administered practice tests, and other resources. All the graded homework assignments are only in MyEconLab. Each topic has homework questions and problems associated with it. You receive automatic feedback as you do the problems and get a grade automatically.

There are three homework 'assignments.' Each midterm exam date is the deadline for the homework assignment on material covered up to that point in the course (and since the previous deadline, if any). The day of the final exam (Monday, May 08) is the due date for homework on material covered after the second midterm. You may complete the homework at any point up until the deadline.

Grading is as follows: For every assignment, MEL reports your completion percentage. I will consider 80% correct completion of a section/chapter a FULL GRADE for that section/chapter. If you get 80% or higher for each section/chapter in any of the three homework assignments, you will receive full score on that homework. A higher completion rate may well benefit your understanding and prepare you for the tests. The grade on each of the three assignments is the overall average completion rate for homework due by the corresponding deadline (and since the previous deadline, if any). Homework done after the relevant deadline will not count toward your grade. The overall homework grade will be the simple average of the average completion rates for the three assignments.

To be able to use these features you need to register at MyEconLab's website after you purchase the class textbook, the e-book, or just access to MyEconLab.

To register for Macroeconomics for Business - Section 2:00 Spring 2017 26367:

1. Go to www.pearsonmylabandmastering.com.

2. Under Register, select **Student**.
3. Confirm you have the information needed, then select **OK! Register now**.
4. Enter your instructor's course ID: imrohoroglu46353, and **Continue**.
5. Enter your existing Pearson account **username** and **password** to **Sign In**.
You have an account if you have used a Pearson product, such as MyMathLab, MyITLab, MyPsychLab, MySpanishLab, MasteringBiology, or, MasteringPhysics.
 - If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.
 - Enter the access code that came with your textbook or that you purchased separately from the bookstore.
 - Buy access using a credit card or PayPal.
 - If available, get temporary access. (The link is near the bottom of the page.)
7. From the confirmation page, select **Go To My Courses**.
8. On the My Courses page, select the course tile **Macroeconomics for Business - Section 2:00 Spring 2017 26367** to start your work.

To sign in later:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password** to **Sign In**.
4. Select the course title **Macroeconomics for Business - Section 2:00 Spring 2017 26367** to start your work.

To upgrade temporary access to full access:

1. Go to www.pearsonmylabandmastering.com.
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password** to **Sign In**.
4. Select **Upgrade access** for **Macroeconomics for Business - Section 2:00 Spring 2017 26367**.
5. Enter an access code or purchase access with a credit card or PayPal account.

Class Participation and In-Class Exercises (8%)

Class participation is an important ingredient of learning. Some class sessions will incorporate an in-class exercise, with your answers to be handed in at the end of class. As each of these exercises is intended to be a learning experience, your grade will be based both on whether your paper demonstrates a good-faith attempt to perform the exercise and the degree to which your answers are correct.

I will keep track of both positive and negative participation. The main opportunity for class participation is during general class discussion and class presentations. Consistent lack of preparation when called upon

will result in *lowering* your participation grade. And, yes, there will be cold-calling in this class.

Your participation grade will be based at least as much on the quality of your contributions as on the quantity. Your grade may be adversely affected by classroom behavior that is unprofessional or shows a lack of respect for your instructor and your fellow students. Such behavior includes, but is not limited to, arriving late, leaving early, side conversations during class, using e-communication devices, and leaving and re-entering the classroom during the class session.

Make-up Exams and Assignments

Homework must be completed by the relevant deadline to receive credit, and homework done after the deadline will not be counted. Likewise, you will not have an opportunity to make up 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 are extenuating circumstances (generally medical or religious) that prevent a student from taking an exam, he/she should discuss the reason with the instructor and obtain prior written permission for a make-up. Make-ups will not be given merely for a student's convenience or because he/she is not adequately prepared for the exam. Unexcused absences from exams will result in a **zero** except in the most extreme emergencies. Emergencies arising late in the semester may result in a grade of incomplete (IN) in the course. 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 exam grade for **objective** reasons, you may appeal to me in writing, within one week after the exam is handed out. Be clear and specific about the answers that you feel need to be re-graded and about your **objective** reasons for requesting re-grading. As a result of re-grading your score may increase, decrease, or remain unchanged.

Incomplete Grade

An incomplete (IN) grade may be assigned due to an "emergency" that occurs after the twelfth week of classes. An emergency is defined as a serious documented illness, or an unforeseen situation that is beyond the student's control, that prevents a student from completing the semester. Prior to the twelfth week, the student has the option of dropping the class. Arrangements for completing an IN course should be initiated by the student and negotiated with the instructor. 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.

Expectations and Classroom Etiquette

An active and productive classroom is essential for the success of this course. Cultivating and maintaining such an environment is the responsibility of the instructor and the students. This responsibility imposes several obligations on all of us. It is very important that each of us comes prepared for each and every session. It is not necessary that you know the material "cold" before each class, but it is important that you expend sufficient effort to gain some grasp of the ideas we will be discussing. To be more specific, prior to every session, 1) read all of the assigned materials, 2) attempt to address and answer some of the questions found at the end of each chapter, and 3) give some thought to the broader managerial implications of the materials.

It is very important that you appreciate the interactive nature of the classroom environment. Although all class sessions will be conducted in lecture format, that does not mean I discourage classroom interaction. On the contrary, I encourage your active participation in the discussion through observations and questions. When I ask a question, it is almost never rhetorical: I expect an answer. And I encourage relevant questions from the class as well.

Please observe the following procedures:

- Please arrive on time.
- Please turn off your cellular phones before entering the class.
- NO LAPTOPS OR OTHER INTERNET ACCESS DEVICES MAY BE USED IN CLASS UNLESS SPECIFICALLY REQUESTED BY THE INSTRUCTOR.
- NO TEXT MESSAGING IS ALLOWED DURING CLASS.
- Videotaping faculty lectures is not permitted, due to copyright considerations. Audiotaping may be permitted if approved by the professor. Use of any recorded material is reserved exclusively for USC Marshall students.
- Private 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.
- 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 exit to minimize disruption to others. You may not come and go as you please.
- 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. Examination time includes writing your name and transferring your answers to the scantron.
- You are expected to attend the section you are registered in. You must take all tests in your registered section. This is mainly a class-space issue.

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 believe 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.

Distribution of Class Information

- **Blackboard:** I will use Blackboard for several purposes:
 - To distribute various documents, including class slides and readings that become available during the semester.

- To post announcements relevant to the course. Please check Blackboard regularly for new announcements.
- To send email messages. It is your responsibility to make sure either that your Blackboard email address is the one you regularly check or that email sent to your Blackboard email address is forwarded automatically to your favorite address. You should also make sure that your inbox does not become full.
- To post grade information.

Other Procedures

Sharing of Course Materials

It is a violation of USC's Academic Integrity Policies to share course materials with others without permission. **No student may record any lecture, class discussion, or meeting with me without my prior express written permission.** The word "record" or the act of recording includes, but is not limited to, any and all means by which sound or visual images can be stored, duplicated, or retransmitted whether by an electro-mechanical, analog, digital, wire, electronic or other device or any other means of signal encoding. I reserve all rights, including copyright, to my lectures, course syllabi and related materials, including summaries, class presentation slides, prior exams, answer keys, and all supplementary course materials available to the students enrolled in my class whether posted on Blackboard or otherwise. They may not be reproduced, distributed, copied, or disseminated in any media or in any form, including but not limited to all course note-sharing websites. **Exceptions are made for students who have made prior arrangements with DSP and me.**

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.

I can drop you from the class, without notification to you, if you do not attend the first two sessions. Please note: If you decide to drop this class, or if you choose not to attend the first two sessions and are dropped, you risk not being able to add another section this semester, as they might reach capacity.

Tutoring

The Marshall Office of Undergraduate Advising offers Peer Tutoring as a supplement to classroom instruction, starting on Monday, January 23, 2017. 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 Monday of the third week of classes for ECON-352x. Students can choose to participate in group tutoring sessions or drop-in tutoring sessions. Most students will benefit from group tutoring in particular, as the purpose of group tutoring sessions is to review and discuss content covered in the previous and current week. Group tutoring is available every Monday-Wednesday, 8:00-9:00 P.M., and drop-in tutoring is available Monday-Wednesday 9:00-10:00 P.M. Both are held in the Experiential Learning Center (ELC) in BRI-3. For more information on Marshall Peer Tutoring, see <http://students.marshall.usc.edu/undergrad/advising/> or contact the Marshall Office

of Undergraduate Advising in BRI-104, 213-740-0690, undergrad.advising@marshall.usc.edu.

Support Systems

Students whose primary language is not English should check with the American Language Institute <http://dornsife.usc.edu> which sponsors courses and workshops specifically for international graduate students.

The Office of Disability Services and Programs (<http://www.usc.edu/disability>) 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.

Academic Integrity and Conduct

USC seeks to maintain an optimal learning environment. General principles of academic honesty include the concept of respect for the intellectual property of others, the expectation that individual work will be submitted unless otherwise allowed by an instructor, and the obligations both to protect one's own academic work from misuse by others as well as to avoid using another's work as one's own (plagiarism). Plagiarism is presenting someone else's ideas as your own, either verbatim or recast in your own words. Plagiarism is a serious academic offense with serious consequences. All students are expected to understand and abide by the principles discussed in the SCampus, the Student Guidebook (<http://scampus.usc.edu>). A discussion of plagiarism appears in the University Student Conduct Code (section 11.00 and Appendix A). Students will be referred to the Office of Student Judicial Affairs and Community Standards for further review, should there be any suspicion of academic dishonesty. The Review process can be found at: <http://scampus.usc.edu>. Failure to adhere to the academic conduct standards set forth by these guidelines and our programs will not be tolerated by the USC Marshall community and can lead to dismissal.

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://dps.usc.edu/contact/report/>. 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. Relationship and Sexual Violence Prevention and Services (RSVP) <https://engemannshc.usc.edu/rsvp/> provides 24/7 confidential support, and the sexual assault resource center webpage <https://sarc.usc.edu/reporting-options/> describes reporting options and other resources.

Retention of Graded Materials

In accordance with University requirements, final exams not returned to students will be retained for one semester after the course ends. The instructor is not responsible for maintaining copies of returned paperwork. Returned paperwork unclaimed by the student will be discarded after four weeks and thus may not be available should a grade appeal be pursued by a student following receipt of his/her course grade.

Summary Course Schedule and Reading List

You are responsible for all reading assignments

| Week | Date | Topic No. | Topic | Textbook Sections |
|--------------------------------------|-----------|---|---|-------------------|
| 1 | M - 01/09 | 0 | Introduction & Math Review | Ch. 1, App. A |
| | W - 01/11 | 1 | Measurement of Economic Performance | Ch. 2.1-2.3 |
| 2 | M - 01/16 | 1 | No Class – Martin Luther King, Jr. Day | Ch. 2.4-2.5 |
| | W - 01/18 | | Measurement of Economic Performance | |
| 3 | M - 01/23 | 2 | Productivity and Employment | Ch. 3.1-3.2 |
| | W - 01/25 | 2 | Productivity and Employment | Ch. 3.2-3.3 |
| 4 | M - 01/30 | 3 | Consumption, Saving and Investment | Ch. 4.1, App. 4.A |
| | W - 02/01 | 3 | Consumption, Saving and Investment | Ch. 4.1, App. 4.A |
| 5 | M - 02/06 | 3 | Consumption, Saving and Investment | Ch. 4.1, App. 4.A |
| | W - 02/08 | 4 | Balance of Payments | Ch. 5.1-5.2 |
| 6 | M - 02/13 | 4 | Balance of Payments | Ch. 5.3-5.4 |
| | W - 02/15 | | Review | Ch. 1-5 |
| 7 | M - 02/20 | No Class – Presidents' Day | | |
| | W - 02/22 | MIDTERM 1 | | |
| Homework Assignment No. 1 Due | | | | |
| 8 | M - 02/27 | 5 | Economic Growth | Ch. 6 |
| | W - 03/01 | 5 | Economic Growth | Ch. 6 |
| 9 | M - 03/06 | 5 | Economic Growth | Ch. 6 |
| | W - 03/08 | 6 | Money & Prices in the Long Run | Ch. 7, 12.4 |
| MW - 03/13 - 03/17 | | No Class – Spring Recess | | |
| 10 | M - 03/20 | 7 | Business Cycles | Ch. 8, 10.1, 10.3 |
| | W - 03/22 | 7 | Business Cycles | Ch. 12.1-12.2 |
| 11 | M - 03/27 | Review | | |
| | W - 03/29 | MIDTERM 2 | | |
| Homework Assignment No. 2 Due | | | | |
| 12 | M - 04/03 | 8 | Monetary Policy and the Fed | Ch. 14.1-14.2 |
| | W - 04/05 | 8 | Monetary Policy and the Fed | Ch. 14.4-14.5 |
| F - 04/07 | | <i>Last day to drop with a W</i> | | |
| 13 | M - 04/10 | 9 | Spending, Taxes, and Debt | Ch. 15.1-15.2 |
| | W - 04/12 | 9 | Spending, Taxes, and Debt | Ch. 15.3-15.4 |
| 14 | M - 04/17 | 10 | Exchange Rates | Ch. 13.1-13.2 |
| | W - 04/19 | 10 | Exchange Rates and Review | Ch. 13.5 |
| 15 | M - 04/24 | Commanding Heights and Discussion | | |
| | W - 04/26 | Review | | |
| M - 05/08 | | Homework Assignment No. 3 Due | | |
| M - 05/08 | | FINAL EXAM 02:00 p.m. - 04:00 p.m. | | |

Note: All details in this handout are subject to change with adequate notice. The University's official "Schedule of Classes" supersedes all items such as final exam schedules, etc., which are reproduced here only for your convenience.