

**ECON 352: Macroeconomics      Spring 2016**

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**Professor:** Nir Jaimovich  
**Phone:** (213) 821-4148  
**Office:** HOH 722  
**Office hours:** T/Tu 12:30-1:30 or by app.  
**Email:** [Nir.Jaimovich@marshall.usc.edu](mailto:Nir.Jaimovich@marshall.usc.edu)

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**1. 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.

**2. 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 behaved 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 thatx 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**

**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>
1	Our graduates will understand types of markets and key business areas and their interaction <i>to effectively manage different types of enterprises</i>	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 <i>so as to anticipate new opportunities in any marketplace</i>	High
3	Our graduates will demonstrate critical thinking skills <i>so as to become future-oriented decision makers, problem solvers and innovators</i>	High
4	Our graduates will develop people and leadership skills to promote their effectiveness as <i>business managers and leaders</i> .	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 <i>to facilitate information flow in organizational, social, and intercultural contexts</i> .	Medium

### 3. Prerequisites:

ECON 351 (Microeconomics for Business) or equivalent. I will assume that you are familiar with basic algebra and calculus. I will also assume that you can use excel. You should expect direct math questions in the first exam.

### 4. Readings:

**Text:** Andrew B. Abel, Ben S. Bernanke, and Dean Croushore, Macroeconomics, eighth edition, and MyEconLab Student Access Code Card, Pearson, 2014 (either looseleaf or eText).

**Slides and Articles:** I will make copies of the slides of the lectures available on Blackboard. You will be responsible for all the material covered during lectures. Also the list of articles associated with the presentation topics discussed later will have to be read prior to each presentation. **It is very important that you attend all classes.**

**Homework:** 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. All the Homework assignments are in MyEconLab. To be able to use these features you need to register at MyEconlab's website after you purchase the class textbook or the e-book.

### 5. Class Etiquette:

This is a large class and I need your cooperation in ensuring orderly conduct of the lectures. **Please turn your cellular phones off before entering the class.**

### 6. Course Grading:

Presentation	15%
MyEconLab	10%
Midterm Exams (2)	40%
Final	35%

**Presentation:** See the discussion at the end of the syllabus.

**MyEconLab (MEL):** Homework will be assigned through MEL. I will regularly announce when the homework becomes available and when it is due. Note that the MEL system does not allow submission after the due time.

**Important:** In past years, MEL has been crashing for several hours the night before each exam, probably due to too many students filling up answers at the last minute. I recommend that you work on MEL at your own pace as the semester progresses and do not wait until the last possible moment! If the website crashes and you do not have time to fill all your answers before the due date, it will be your responsibility! The final grade will be posted at the end of the semester.

You will see at the end of the syllabus the instructions for how to register to MEL. Note that there are two courses. The 10:00am class should register to jaimovich37063 while the 2:00pm class should register to jaimovich59426.

**Exam:** There will be two midterm exams, each worth 20% of the grade and a final exam that is 35% of the grade. **No makeup exams will be given.** A grade of zero will be assigned for missed exams.

**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.

## 1. 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).

## 2. 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/department/department-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.

### **3. 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.

## **Presentations**

You will form groups of three people and present one of the topics given at 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.

Teams are expected to make a formal presentation with slides (about 15-20 minutes), which will include the actual presentation and questions from the class and me. **Each presentation should explain to the audience why this topic may be important for them (imagine being asked a question about this topic in an interview). Also each presentation should include at least two excel graphs generated by the group.**

Please use **Blackboard groups** function to select a topic/group you would like to belong to. **I will evaluate your performance.** The grades will be posted at the end of the semester.

Below I provide you some ideas for topics you might find interesting to present. If you want to have your presentation about another topic you will first need to clear it with me.

### **Potential Topics:**

- 1) GDP: Advantages and disadvantages of GDP as a measure of well being.
- 2) Inflation: History of inflation in the U.S. and across countries, what causes inflation?
- 3) Labor force participation: current and historical trends. Are the trends “structural” or “cyclical”?
- 4) Minimum wage: What do we know about the effects of minimum wages? Pros and cons of increasing it.
- 5) Migration of unskilled workers: What are potential benefits and losses related to immigration?
- 6) Migration of skilled workers: What are potential benefits and losses related to immigration?
- 7) Income inequality: Trends in the U.S. and other countries. Costs and benefits of inequality.
- 8) Student Debt: What has been happening to student debt? Should the government intervene?

- 9) New Monetary policy: What is QE, zero lower bound, unconventional monetary policy? Was it successful?
- 10) The Sharing economy: Get us informed about the size of the sharing economy, advantages, disadvantages, what to expect for the future.
- 11) China and India: Explain the historical performance of China and India's growth and what you expect of the future.
- 12) The "automation" economy: winners, losers, and effects it has.
- 13) Taxes: Incentive effects of taxes; differences in tax rates across countries.
- 14) Social Security: How does the social security system work, what are the benefits of the current system, what are the potential problems with it?
- 15) Outsourcing: What has happened in the past, what are the future trends? What is the effect it has on the U.S. economy?
- 16) The Affordable Care Act: Cons, Pros.
- 17) Youth unemployment: The causes. The challenges.
- 18) Stock market fluctuations and their effect on labor market.
- 19) Consumption patterns by demographic groups: effects on the labor market and implication for government policy
- 20) The evolution of the labor share
- 21) Why are emerging economies more volatile than industrialized countries?
- 22) The macro impact of environmental policies: costs and benefits
- 23) Mismatch of skills supplied in the economy and skills firm demand
- 24) House ownership: cons and pros of government policies enhancing ownership
- 25) Why is the stock market volatile? Is it more volatile than "fundamentals"?
- 26) How to detect asset bubbles? Should the government intervene in these?

**Macro Economics Team  
Presentations Rubric**

	Exceeds	Meets	Does not meet
<b>Topic Organization/Outline and clarity of slides</b>	Presentation flows logically, and slides are clear and effective	Presentation flows smoothly	Presentation flow is difficult to follow, and slides are not clear
<b>Leading class discussion</b>	Students fascinated by presentation, engaged with discussion questions, and eager to ask additional questions or make comments	Students engaged with presentation and discussion questions	Students not engaged with presentation
<b>Collaboration</b>	Every team member clearly prepared and confident	All team members contribute	Not every team member is prepared
<b>Motivation of the subject</b>	Relevance of the subject clearly understood and explained	Relevance of the subject stated	Not clear on relevance of the subject
<b>Graphic support</b>	Graphs were well drawn in Excel using original data. (labeled, self explanatory, visually appealing)	Graphs using original data included in presentation, but not well drawn	Graphs were not self constructed or no graphs were used
<b>Economic topic analysis</b>	Presentation provided novel insights into the topic, arguments were supported with evidence/data	Presentation provided insights into the topic, used the assigned articles	Presentation provided no insights, did not use the assigned articles, arguments were weak



**To register for [Abel/Bernanke/Croushore: Macroeconomics, 8/E MyEconLab](#):**

1. Go to [www.pearsonmylabandmastering.com](http://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: [jaimovich37063](#), 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, for example: MyMathLab, MyITLab, MyPsychLab, MySpanishLab or Mastering, such as MasteringBiology.  
> If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.  
> Use the access code that came with your textbook or that you purchased separately from the bookstore.  
> Buy access using a credit card or PayPal account.  
> If available, get 14 days temporary access. (The link is near the bottom of the screen.)
7. From the confirmation page, select **Go To My Courses**.
8. On the My Courses page, select the course tile [Abel/Bernanke/Croushore: Macroeconomics, 8/E MyEconLab](#) to start your work.

**To sign in later:**

1. Go to [www.pearsonmylabandmastering.com](http://www.pearsonmylabandmastering.com).
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3. Enter your Pearson account **username** and **password**, and **Sign In**.
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**To upgrade temporary access to full access:**

1. Go to [www.pearsonmylabandmastering.com](http://www.pearsonmylabandmastering.com).
2. Select **Sign In**.
3. Enter your Pearson account **username** and **password**, and **Sign In**.
4. Select **Upgrade access** from the course tile [Abel/Bernanke/Croushore: Macroeconomics, 8/E MyEconLab](#).
5. Enter an access code or purchase access with a credit card or PayPal account.

For a registration overview, go to [www.pearsonmylabandmastering.com/students/get-registered](http://www.pearsonmylabandmastering.com/students/get-registered). Scroll down to **Need a little help?** and select a video.

**To register for MyEconLab for Abel/Bernanke/Croushore Macroeconomics, 8/E:**

1. Go to [www.pearsonmylabandmastering.com](http://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: [jaimovich59426](#), 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, for example: MyMathLab, MyITLab, MyPsychLab, MySpanishLab or Mastering, such as MasteringBiology.  
> If you don't have an account, select **Create** and complete the required fields.
6. Select an access option.  
> Use the access code that came with your textbook or that you purchased separately from the bookstore.  
> Buy access using a credit card or PayPal account.  
> If available, get 14 days temporary access. (The link is near the bottom of the screen.)
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Date	Topic	Chapter	
12-Jan	Introduction		
14-Jan	Measurement of Economic Performance	2	
19-Jan	Production and the Labor Market	3	
21-Jan	Production and the Labor Market	3	
26-Jan	Production and the Labor Market	3	
28-Jan	Production and the Labor Market	3	
2-Feb	Consumption and Investment	4	
4-Feb	Consumption and Investment	4	
9-Feb	Long Run Economic Growth	6	
11-Feb	Long Run Economic Growth	6	
16-Feb	Business Cycle facts	8	
18-Feb	Business Cycle theory I	10	
23-Feb	Business Cycle theory I	10	
25-Feb	<b>MIDTERM I</b>		
1-Mar	Money and Prices	7	
3-Mar	Business Cycle theory II	9,11	Presentations 1-2
8-Mar	Business Cycle theory II	9,11	Presentations 3-4
10-Mar	Business Cycle theory II	9,11	Presentations 5-6
15-Mar	<b>SPRING BREAK</b>		Presentations 7-8
17-Mar	<b>SPRING BREAK</b>		
22-Mar	Government Policies	12,14,15	
24-Mar	Government Policies	12,14,15	Presentations 9-10
29-Mar	Government Policies	12,14,15	Presentations 11-12
31-Mar	<b>MIDTERM II</b>		Presentations 13-14
5-Apr	Government Policies	12,14,15	
7-Apr	Government Policies	12,14,15	Presentations 15-16
12-Apr	Government Policies	12,14,15	Presentations 17-18
14-Apr	Balance of Payments	5	Presentations 19-20
19-Apr	Balance of Payments	5	Presentations 21-22
21-Apr	Exchange Rate	13	Presentations 23-24
26-Apr	Exchange Rate	13	Presentations 25-26
27-Apr	<b>REVIEW</b>		
All details in this schedule are subject to change with adequate notice.			