

ECON-352x: MACROECONOMICS FOR BUSINESS
Spring 2018

Instructor: Andrii Parkhomenko
Office: HOH-702
Class Lectures: Mon & Wed 4:00-5:50 P.M. (section 26371) in JFF LL105
Mon & Wed 6:00-7:50 P.M. (section 26372) in JFF LL105
Office Hours: Mon & Wed 2:30-3:30 P.M. and by appointment
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COURSE DESCRIPTION

This is a fundamental course in macroeconomics for business students. Our focus will be on the economic environment, both at national and international levels, in which businesses operate.

Features of macroeconomic environment make way into many important business decisions. When executives at Walmart decide how many workers to hire next year and how much to pay them, they take into account current unemployment rate and wage dynamics at the national level. When managers at Nike decide whether to sign a contract with a textile factory in Bangladesh or Indonesia, they need to forecast the exchange rate of the US dollar vs each of these countries' currencies in the following years. When financial managers at Apple decide whether to keep profits in cash or use them to buy bonds, they need to understand current monetary policy and its implications for interest rates. And when General Motors consider investing into a new production facility, they need to know whether current economic boom will continue and the demand for cars will persist, or alternatively a recession will ensue and potential car buyers will wait for better times.

This course will cover various topics in macroeconomics with the aim of providing basic analytical tools for understanding current economic environment and making predictions about the economy.

COURSE OBJECTIVES

The main goal of the course is to provide you with knowledge and tools necessary to understand national and international economic environment, and to make informed business decisions. At the end of the course, you are expected to be able to:

1. Understand and critically evaluate news about the macroeconomy.
2. Find macroeconomic data, manipulate it, understand historic trends, and make cross-country comparisons.

3. Evaluate the effects of government policies, such as taxes, interest-rate policy, or government spending, on households, firms and the economy as a whole.
4. Apply graphical and algebraic tools to analyze various economic models and address questions in macroeconomics.
5. Apply the basic supply and demand model to calculate equilibrium wages, employment, and interest rates.
6. Use the neoclassical growth model to measure and forecast GDP.

Alignment with Marshall School of Business Program Learning Goals

In this course, emphasis will be placed on the Marshall School of Business learning goals as follows:

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

- **Required.** ECON 351x: Microeconomics for Business (or equivalent)
- **Recommended.** Introductory economics course, high school math, and algebra

COURSE MATERIALS

Required materials

- **Slides.** I will usually post slides for each class before the class. The slides will appear in the “Content” section in Blackboard.
- **Textbook.** Abel, Andrew B., Ben S. Bernanke and Dean Croushore, *Macroeconomics*, 9th Edition, Pearson. For most topics, you may also use the 8th edition.
- **Video.** *Commanding Heights: The Battle for the World Economy*, which can be streamed free of charge from PBS at www.pbs.org/wgbh/commandingheights. Click on “Storyline” to select an episode and chapter. There are three episodes, each divided into several chapters. The site includes a transcript of each chapter if you wish to review the material. There is also an accompanying book by Daniel Yergin and Joseph Stanislaw. We may view some chapters in class, or I may require that you

watch some of them on your own. There may be questions from these videos in exams.

- **Other materials.** I may post other required materials in Blackboard.

Optional materials

- **Media and blogs.** I suggest reading economic news regularly as we proceed with the course (as well as after the course!). The best, in my opinion, weekly summary of news and analysis is provided in *The Economist*. I also recommend *Wall Street Journal*, *Bloomberg News*, and *New York Times*. My favorite blogs with macroeconomic analysis are *Marginal Revolution*, *The Grumpy Economist*, and *Calculated Risk*, but there are many more great blogs out there. *VOX EU* is a great resource to read about frontier economic research in plain language.
- **MyEconLab.** It is an online instructional resource that contains practice questions and other materials. MyEconLab is available either bundled with the required textbook or separately. If you have a used textbook and wish to purchase MyEconLab separately, go to www.myeconlab.com.

COURSE REQUIREMENTS AND GRADING

Only scores for quizzes and exams will be taken into account in the final grade for the course. The weights for each test are as follows:

Requirement	Weight
Quizzes (best 3 of 4, each is 10%)	30%
Midterm Exam	30%
Final Exam	40%

Each quiz and exam receives a numerical score only, and not a letter grade. A letter grade is only assigned for the final grade. The final grade will be calculated using weights from the table above. If a student's overall score is below 50%, he or she will receive an F. If the score is between 50% and 59% (inclusive), he or she will receive a variant of D (D-, D, or D+). Students with scores of 60% or above will receive C-, C, C+, B-, B, B+, A-, or A. There are no strict score thresholds for these grades and they will be assigned based on overall class performance.

Each quiz is non-cumulative, i.e. it will address the subject matter that precedes it. The midterm exam will also cover the material that precedes it. The final exam is cumulative and may contain questions on any topic covered in class.

You will have 40 minutes for each quiz, 90 minutes for the midterm exam and 110 minutes for the final exam. All tests are closed-book, closed-notes, and multiple-choice. You may not use cell phones, laptops, or any other electronic devices. You may take a test only in the section in which you are registered, and taking a test with a different section will result in an automatic zero for that test.

Test dates and times	
Quiz 1	January 29: in class
Quiz 2	February 14: in class
Midterm Exam	March 7: in class
Quiz 3	March 28: in class
Quiz 4	April 23: in class
Final Exam	May 2: 4:30-6:30 P.M. (section 26371) 7:00-9:00 P.M. (section 26372)

Missed tests

There will be no make-up exams! By enrolling in this course you are committing to take the tests on the scheduled dates. If a quiz is missed, it receives an automatic zero. If the midterm is missed for an approved reason, the weight of quizzes and final exam are increased to compensate for the missed midterm. If the final exam is missed for an approved reason, we will work out a solution.

Approved reason must be documented, and approval for a missed midterm or final will be very rare! An approval may only be given with appropriate written documentation from an authoritative source indicating why the student was unable to appear for the test. For example, if you bring a note from the Engemann Student Health Center which states that you had an appointment with a doctor, this is not sufficient documentation. This note should be accompanied by a doctor's certification of a severe medical problem that prevented you from taking the test.

Homework

There will be no graded homework, however I will regularly give you home assignments for you to practice. Questions from home assignments may appear in quizzes and exams, so make sure you do the homework!

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 every session. It is not necessary that you know the material before each class, but it is important that you make sufficient effort to gain some grasp of the ideas we will be discussing. Prior to every session, (1) read the assigned materials, (2) attempt to answer some of the questions found at the end of each chapter, and (3) give some thought to the broader implications of the material.

I expect you to (1) arrive and leave on time, (2) be respectful to your classmates by obeying class rules, (3) eliminate/minimize disruptions by staying in your seat for the duration of the class, (4) follow test instructions by starting only when I announce the start of the test and stopping and handing in your exams when the test ends. Note that test time includes the time you need to write your name and transfer your answers to the scantron.

Technology Policy

Laptop and internet usage is not permitted during our sessions unless I state otherwise. Use of other personal communication devices, such as cell phones, is considered unprofessional and is not permitted during the sessions. Upon request, you must comply and put your device on the table face down. Remember that when you use your phone during the class, not only you distract yourself but also other students around you who may be trying hard to focus on the class material.

Copyright notice

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, PowerPoints, 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.

Academic honesty and plagiarism

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 - presenting someone else's ideas as your own, either verbatim or recast in your own words - is a serious academic offense with serious consequences. All students are expected to understand and abide by the principles discussed in the SCampus website. 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. 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.

Consultations with Instructor

If you have questions on course material or other course-related issues, please do not contact me by email or in person. I will hold regular office hours. Time and contact information are indicated on page 1.

Distribution of Class Information

I will use Blackboard for several purposes: (1) to distribute various documents, including class slides and readings that become available during the semester, (2) to post

announcements relevant to the course, (3) 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), and (4) to post grades.

Add/Drop Process

Most Marshall classes are open enrollment (R-clearance) through the Add deadline. If there is an open seat, students can add the class using Web Registration. If the class is full, students will need to continue checking the Schedule of Classes (classes.usc.edu) to see if a space becomes available. Students who do not attend the first two class sessions (for classes that meet twice per week) or the first class meeting (for classes that meet once per week) may be dropped from the course if they do not notify the instructor prior to their absence.

TUTORING

The Marshall Office of Undergraduate Advising & Student Affairs offers free weekly Core Review Sessions, along with additional “Cracking the Core” workshops, as a supplement to classroom instruction. Marshall Peer Academic Leaders (PALs) assist students in understanding and clarifying difficult concepts covered in class that week, but core review sessions are effective only if students regularly attend class and actively engage in the process of thinking critically about the course content. Marshall Academic Resources are available for core courses that are traditionally challenging in the business major curriculum. For more information, please visit: <https://www.marshall.usc.edu/current-students/marshall-academic-resources/core-review-sessions-schedule>

STATEMENT OF ACADEMIC CONDUCT AND SUPPORT SYSTEMS

USC seeks to maintain an optimal learning environment. Students are expected to submit original work. They have an obligation both to protect their own work from misuse and to avoid using another’s work as their own. All students are expected to understand and abide by the principles of academic honesty outlined in the University Student Conduct Code (see University Governance, Section 11.00) of SCampus (www.usc.edu/scampus or <http://scampus.usc.edu>). The recommended sanctions for academic integrity violations can be found in Appendix A of the Student Conduct Code.

Students with Disabilities:

USC is committed to making reasonable accommodations to assist individuals with disabilities in reaching their academic potential. If you have a disability which may impact your performance, attendance, or grades in this course and require accommodations, you must first register with the Office of Disability Services and Programs (www.usc.edu/disability). DSP provides certification for students with disabilities and helps arrange the relevant accommodations. Any student requesting academic accommodations based on a disability is required to register with Disability Services and

Programs (DSP) each semester. A letter of verification for approved accommodations can be obtained from DSP. Please be sure the letter is delivered to me (or to your TA) as early in the semester as possible. DSP is located in GFS (Grace Ford Salvatori Hall) 120 and is open 8:30 a.m.-5:00 p.m., Monday through Friday. The phone number for DSP is (213) 740-0776. Email: ability@usc.edu.

Support Systems:

Student Counseling Services (SCS) - (213) 740-7711 - 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention. <https://engemannshc.usc.edu/counseling/>

National Suicide Prevention Lifeline - 1-800-273-8255

Provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week. <http://www.suicidepreventionlifeline.org>

Relationship & Sexual Violence Prevention Services (RSVP) - (213) 740-4900 - 24/7 on call

Free and confidential therapy services, workshops, and training for situations related to gender-based harm. <https://engemannshc.usc.edu/rsvp/>

Sexual Assault Resource Center

For more information about how to get help or help a survivor, rights, reporting options, and additional resources, visit the website: <http://sarc.usc.edu/>

Office of Equity and Diversity (OED)/Title IX compliance - (213) 740-5086

Works with faculty, staff, visitors, applicants, and students around issues of protected class. <https://equity.usc.edu/>

Bias Assessment Response and Support

Incidents of bias, hate crimes and microaggressions need to be reported allowing for appropriate investigation and response. <https://studentaffairs.usc.edu/bias-assessment-response-support/>

Student Support & Advocacy - (213) 821-4710

Assists students and families in resolving complex issues adversely affecting their success as a student EX: personal, financial, and academic. <https://studentaffairs.usc.edu/ssa/>

Diversity at USC

Tabs for Events, Programs and Training, Task Force (including representatives for each school), Chronology, Participate, Resources for Students. <https://diversity.usc.edu/>

COURSE OUTLINE AND ASSIGNMENTS

Week	Date	Topics and Activities	Readings
1	M: 01/08 W: 01/10	1: Introduction and Math Review 2: Measurement of Economic Performance	Ch. 1, Appx. A Ch. 2.1-2.3
2	M: 01/15 W: 01/17	--- NO CLASS (Martin Luther King Jr. Day) 2: Measurement of Economic Performance	--- Ch. 2.4-2.5
3	M: 01/22 W: 01/24	3: Productivity, Output and Employment 3: Productivity, Output and Employment	Ch. 3.1-3.2 Ch. 3.3-3.5
4	M: 01/29 W: 01/31	4: Consumption, Saving and Investment. Quiz 1 (topics 1-3) 4: Consumption, Saving and Investment	Ch. 4.1, 4.A Ch. 4.1, 4.A
5	M: 02/05 W: 02/07	4: Consumption, Saving and Investment 5: Balance of Payments	Ch. 4.2-4.3 Ch. 5.1-5.2
6	M: 02/12 W: 02/14	5: Balance of Payments 6: Economic Growth. Quiz 2 (topics 4-5)	Ch. 5.3-5.4 Ch. 6.1
7	M: 02/19 W: 02/21	--- NO CLASS (Presidents' Day) 6: Economic Growth	--- Ch. 6.2-6.3
8	M: 02/26 W: 02/28	6: Economic Growth. 7: Money and Prices 7: Money and Prices	Ch. 6.4, 7.1 Ch. 7.2-7.5
9	M: 03/05 W: 03/07	Review Midterm Exam	--- ---
10	M: 03/12 W: 03/14	--- NO CLASS (Spring Break) --- NO CLASS (Spring Break)	--- ---
11	M: 03/19 W: 03/21	8: Business Cycles 8: Business Cycles	Ch. 8.1-8.3 Ch. 8.4, 10.1, 11.4
12	M: 03/26 W: 03/28	9: Unemployment 10: Monetary Policy and Central Banks. Quiz 3 (topics 6-9)	Ch. 12.1-12.3, 10.3 Ch. 14.1-14.2
13	M: 04/02 W: 04/04	10: Monetary Policy and Central Banks 11: Government Spending, Taxes and Debt	Ch. 14.4, 12.4-12.5 Ch. 15.1-15.2
14	M: 04/09 W: 04/11	11: Government Spending, Taxes and Debt 12: Exchange Rates	Ch. 15.3-15.4, 5.5 Ch. 13.1-13.2
15	M: 04/16 W: 04/18	12: Exchange Rates 13: Income and Wealth Inequality	Ch. 13.4-13.5 to be provided
16	M: 04/23 W: 04/25	14: Housing Markets and the Economy. Quiz 4 (topics 10-13) Review	to be provided ---
17	W: 05/02	Final Exam 4:30-6:30 P.M. (section 26371) 7:00-9:00 P.M. (section 26372)	---

Note: this is a provisional outline. I will not change the information regarding the exams and quizzes, however I may make slight changes in the readings as we go along.