



ECON 352x - 26370R
MACROECONOMICS FOR BUSINESS
Spring 2020

FACULTY AND CONTACT INFORMATION

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Office Hours: Tuesday and Thursday 2:00-3:00 P.M. and by appointment
Class Hours: Tuesday-Thursday 10:00-11:50 A.M.
Class Room: HOH EDI

COURSE SCOPE AND OBJECTIVES

Making sound business and economic decisions requires the knowledge of the economic environment in which firms operate. This course will help you understand how economies function, both in the national and international contexts. Such an understanding will help you to make 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. Importantly, the course will focus on the significance for businesses.

Learning Objectives

The primary goal of this course is to enable you to make informed judgments about whether the economic environment of a 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. 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.
8. 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 align with the Marshall School program 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 EMPHASIS)
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 EMPHASIS)
3. Our graduates will demonstrate critical thinking skills *so as to become future-oriented decision makers, problem solvers and innovators.* (HIGH EMPHASIS)
4. Our graduates will develop people and leadership skills to promote their effectiveness as *business managers and leaders.* (MEDIUM EMPHASIS)
5. Our graduates will demonstrate ethical reasoning skills, understand social, civic, and professional responsibilities and aspire to add value to society. (LOW EMPHASIS)
6. Our graduates will be effective communicators *to facilitate information flow in organizational, social, and intercultural contexts.* (MEDIUM EMPHASIS)

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 the particular topic.
- **Textbook:** Andrew B. Abel, Ben S. Bernanke, and Dean Croushore, *Macroeconomics*, 10th edition.
- **MyEconLab:** This is an online instructional resource. There are three ways to purchase MyEconLab. 1) You can purchase hard copy of the textbook (indicated above) which comes with MyEconLab registration. 2) You can purchase the MyEconLab together with the e-book without having to purchase the hard copy of the book. 3) You can purchase only the MyEconLab without the e-book or the hard copy of the book. Please consult the USC bookstore for pricing. When registering with MyEconLab, please use your school email and official registration name rather than nicknames and other email accounts such as gmail etc.
- **Excel Software:** Besides access to MyEconLab and Blackboard, you will also need 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/>.

Recommended Materials

- **Popular Press:** I recommend that you get in the habit of reading economic and business news through the lenses of the material covered in this course. A well-known weekly magazine is *The Economist*, a British publication with extensive U.S. and world coverage. Several high-quality daily newspapers are also a good source for domestic and international economic news such as *The Wall Street Journal*, *The New York Times* and *The Financial Times*.

COURSE REQUIREMENTS AND GRADING

The requirements for the course and the associated weights to determine the final grade are given below:

Requirement	Weight
Six problem sets (1.5% each)	9%
Six quizzes (1.5% each)	9%
Group presentation	5%
First Midterm Exam	25%
Second Midterm Exam	25%
Final Exam	27%
Total	100%

Each 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 guidelines. There is no official quota for the number of A's, B's, etc., although the average grade for required undergraduate courses can be expected to be close to 3.0 (corresponding to a B) out of 4.0.

Problem sets (9%) - There will be six problem sets that I will make available on Blackboard. Each assignment specifies the due date. They must be ended in at the beginning of the class in the day in which they are due. I expect that you complete the assignments by the end of the previous day in which the problem set is due. If there is a justifiable emergency (like illness) that prevents you from completing the assignment, you need to contact me by the end of the previous day in which the assignment is due. The emergency must be documented. In absence of advance notice and proper documentation of the

emergency, the credit for the problem set will be zero.

The problem sets will be graded only based on completion, not accuracy. They are extremely important in preparation for the exams. Placing effort on the problem sets will increase significantly your performance in the three exams.

Quizzes (9%) - There will be six quizzes, each worth 1.5% of the course grade. The quizzes will consist of multiple-choice questions, short essay type questions, and problem solving. Quizzes will be a good practice and a good lead for the type of questions contained in the exams.

Group presentation (5%) - You will form groups of 4 students and present one of the specified topics that will be listed in Blackboard. Presentations will take place throughout the semester either at the beginning of the class or at the end of class. All members of the group must be present during the presentation. Teams are expected to make a formal presentation with slides (about 15 minutes). Additional information will be provided in class.

Exams (77%) - Each of the three exams (the two midterms and the final) is not cumulative and will address the subject matter covered after the previous exam. For all the exams, you are responsible for the assigned textbook chapters (including the “applications” sections) and any material covered in class. The exams are intended to assess how well you understand the basic ideas and principles.

You will have 90 minutes for each exam (midterms and final). All exams are closed-book, closed-notes and multiple-choices. You may use a calculator but not a cell phone, laptop, or any other electronic devices.

Exam Dates	
First Midterm Exam	Tuesday, February 18
Second Midterm Exam	Tuesday, March 31
Final Exam	Wednesday, May 12, 8:00 A.M.

Make-up Exams and Assignments - 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 exceptional circumstances 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 zero credit 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 exceptional circumstances. No student is permitted to take an exam before the normally scheduled time.

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 before each class, but it is important that you spend sufficient effort to gain some grasp of the ideas we will be discussing. To be more specific, prior to every session, you should do the following: 1) read all of the assigned materials, 2) attempt to address and answer some of the questions found at the end of each chapter; 3) give some thought to the broader implications of the materials.

It is also very important that you contribute to the interactive nature of the classroom environment. Classroom interaction is highly encouraged. I especially encourage active participation in the discussion through observations and questions. I expect many questions from students.

Please observe the following procedures:

- Please arrive on time in the classroom.
- Please turn off your cellular phones before entering the class.
- No laptop or other internet access devices can be used in class.
- 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's 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.
- 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 scantron.
- You are expected to attend the section you are registered in.

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 other courses. 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 the 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.

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.

You can be dropped from the class, without notification, if you do not attend the first two sessions. If you decide to drop this class, or if you choose not to attend the first two sessions and will be dropped from the class, you risk not being able to sign for another section in this semester, as they might reach capacity.

Academic Integrity

USC is committed to the general principles of academic honesty that include and incorporate 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--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* 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, 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* equity.usc.edu or to the *Department of Public Safety* 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* www.usc.edu/student-affairs/cwm/ provides 24/7 confidential support, and the sexual assault resource center webpage sarc.usc.edu describes reporting options and other resources.

Academic Accommodations Based on Disability

Students whose primary language is not English should check with the *American Language Institute* dornsife.usc.edu/ali, which sponsors courses and workshops specifically for international graduate students. *The Office of Disability Services and Programs* 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* 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.

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. Thus may not be available should a grade appeal be pursued by a student.

TENTATIVE COURSE SCHEDULE
(Subject to small adjustments as we progress in the course)

Topic No.	Date	Topic	Textbook
1	T - 1/14	Introduction and Math Review	Ch. 1, App A
2	Th - 1/16	Measurement and Structure of National Economy	Ch. 2.1-2.5
	T - 1/21	Measurement and Structure of National Economy	
3	Th - 1/23	Production of Output	Ch. 3.1
	T - 1/28	Production of Output	Ch. 6.1
4	Th - 1/30	Labor Market	Ch. 3.2-3.6
5	T - 2/04	Consumption and Saving	Ch. 4.1, App. 4A
	Th - 2/06	Consumption and Saving	
6	T - 2/11	Investment	Ch. 4.2-4.3
	Th - 2/13	Review in preparation for first midterm exam	
	T - 2/18	MIDTERM EXAM 1	
7	Th - 2/20	Saving, Investment, and the Balance of Payments	Ch. 5.1-5.5
	T - 2/25	Saving, Investment, and the Balance of Payments	
8	Th - 2/27	Long-Run Economic Growth	Ch. 6.1-6.4
	T - 3/03	Long-Run Economic Growth	
	Th - 3/05	Long-Run Economic Growth	
	T - 3/10	Long-Run Economic Growth	
9	Th - 3/12	Money and Prices	Ch. 7.1-7.5
	T - 3/24	Money and Prices	Ch. 12.4
	Th - 3/26	Review in preparation for second midterm exam	
	T - 3/31	MIDTERM EXAM 2	
10	Th - 4/2	Business Cycles	Ch. 8.1-8.4
	T - 4/7	Business Cycles	Ch. 10.1-10.4 Ch. 12.1-12.3
11	Th - 4/09	Monetary Policy and the Federal Reserve	Ch. 14.1-14.5
	T - 4/14	Monetary Policy and the Federal Reserve	
12	Th - 4/16	Government Spending, Taxes and Debt	Ch. 15.1-15.4
	T - 4/21	Government Spending, Taxes and Debt	
13	Th - 4/23	Exchange Rates	Ch. 13.1-13.4
	T - 4/28	Exchange Rates	
	Th - 4/30	Review in preparation for final exam	
FINAL EXAM, Tuesday May 12 at 8:00A.M.			