

USC Marshall

School of Business

ECON 352x – Macroeconomics for Business

Syllabus – Fall 2024

Section 26347R: Tuesday-Thursday 12:30-1:50PM

Classroom: JFF LL105

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Office Hours: Tuesday 4:00-7:00PM. Additional time can be scheduled by appointment.

Course Description

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, and how the functioning of the macroeconomy affects individual businesses. Such an understanding will help business enterprises to make informed hiring and investment 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 problems covered in these fields.

The course will focus on macroeconomic issues such as long run economic growth, inflation, unemployment, monetary and fiscal policy, short run fluctuations of the economy, savings and investment in the open economy, and exchange rate determination. The emphasis of the course will be in relating these concepts to business operations. Although we start with typical macroeconomic tools, they will be applied to better understand the significance of the macroeconomy for business activities.

Learning Objectives

The goal of this course is to enable us to make informed judgments about whether the economic environment of a country makes it a good place to do business and how to adjust business decisions including hiring and investment in a changing economic environment. After the course we will be able to:

1. Apply graphical and algebraic tools to analyze various economic models and address economic questions that are relevant for business.
2. Apply the basic demand and supply model to calculate equilibrium wage rates, employment, interest rates and investment in the economy and relate the analysis to individual business decisions.
3. Use the neoclassical growth model to measure and forecast GDP in different economies and the significance of these forecast for business investment.
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 news about the macro economy reported in financial press and how

they should be included in the process of making business decisions.

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. Demonstrate an ability to gather and disseminate information and communicate it clearly, logically, and persuasively in a professional context.

Prerequisites and Recommended Preparation

- Corequisite: ECON 351.
- Recommended preparation: introductory economics course, high school math, and algebra.

Required Materials

- **Course reader.** There is a course reader covering twelve course topics. The reader will be made available in Brightspace.
- Additional material such as problem sets, and exercises will be also available in Brightspace.

Optional Materials

- **Textbook:** Andrew B. Abel, Ben S. Bernanke, and Dean Croushore, *Macroeconomics*, 11th edition. This could be a useful reading complement covering more extensively the material contained in the Course Readers. But it is not required.

Course Notes

This is a residential course, and in-person attendance is expected. Lecture slides will be available in Brightspace but class recordings will not be available.

Grading Policy

Each course requirement listed in the table below 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. The final grade represents how the student performs in the class relative to other students. Two items are considered when assigning final grades:

1. Sum of percentages obtained in each of the assignments listed in the table.
2. Individual ranking among all students in the class according to the sum of percentages.

<u>Assignments</u>	<u>% of Grade</u>
Midterm exam 1	27.0%
Midterm exam 2	27.0%
Final Exam	28.0%
Six online quizzes (1% each)	6.0%
Twelve online review questions (0.5% each)	6.0%
<u>Six problem sets (1% each)</u>	<u>6.0%</u>
<u>TOTAL</u>	<u>100.0%</u>

Midterm and final exams (79%) - The two midterm exams and the final exams are not cumulative and will be taken in the classroom. The first midterm exam will test the subjects covered in the first part of the course, the second midterm exam will test the subjects covered in the second part of the course, the final exam will cover the subjects covered in the third part of the course. For all exams, you are responsible for the material assigned from the Course Reader and

any material covered in the classroom. The exams are intended to assess how well students understand the basic ideas and principles. All three exams must be taken in the classroom.

Online quizzes (6%) - There will be six online quizzes, each worth 1% of the total course grade. The quizzes will consist of multiple-choice questions. Quizzes will be in the same format as midterm and final exams and they provide good practice in preparation for the exams.

Online review questions (6%) - There will be twelve online review questions, each worth 0.5% of the course credits. The answers will be graded based on effort, not accuracy. An answer that is not related to the question, however, will receive zero credit.

Problem sets (6%) - There will be six problem sets that will be made available on Brightspace. They must be submitted in Brightspace by the due date and time. If there is a justifiable emergency (like illness) that prevents you from completing the assignment, please contact the instructor **before** the due date. In absence of advance notice and proper documentation of emergency, credits will not be given. The problem sets will be graded on completion, not accuracy. However, answers that are clearly unrelated to the questions will receive zero credit. Problem sets are extremely important and helpful to prepare for the exams. Placing effort on the problem sets will enhance your performance in the exams.

Make-up Exams and Assignments - Except in extraordinary circumstances, make-up exams will not be allowed. If there are exceptional circumstances that prevent a student from taking an exam, he/she should discuss the issue 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 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.

COURSE CALENDAR

Modules/Weeks	Topic	Assignments	Due Date
Week 1: Aug 27-Aug 29	Introduction and National accounting; measuring economic activities; nominal and real variables; measuring inflation; macroeconomic data.	<ul style="list-style-type: none"> Chapter 1 in Course Reader: “Primer for macroeconomics”. Chapter 2 in Course Reader: “National Accounts”. 	Online review questions August 30
Week 2: Sep 3-Sep 5	Continue on National accounting; measuring economic activities; nominal and real variables; measuring inflation; macroeconomic data.	<ul style="list-style-type: none"> Chapter 2 in Course Reader: “National Accounts”. 	Online review questions September 6
Problem Set #1 (Due September 8)			
Online quiz # 1 (Due September 10)			
Week 3: Sep 10-Sep 12	Business production of goods and services.	<ul style="list-style-type: none"> Chapter 3 in Course Reader: “The Production Function”. 	Online review questions September 13
Week 4: Sep 17-Sep 19	Growth accounting and the drivers of economic growth.	<ul style="list-style-type: none"> Chapter 4 in Course Reader: “Sources of Economic Growth”. 	Online review questions September 20
Problem Set #2 (Due September 22)			
Online quiz # 2 (to be completed by September 24)			
Week 5: Sep 24	Review in preparation for first midterm exam	<ul style="list-style-type: none"> Review material covered in Week 1 through Week 5. 	

Modules/Weeks	Topic	Assignments	Due Date
First midterm exam on Thursday September 26 (The first midterm is on the material covered in Week #1 through Week #5)			
Week 6: Oct 1-Oct 3	The Solow growth model	<ul style="list-style-type: none"> Chapter 5 in Course Reader: “The Solow Model”. 	Online review questions October 4
Week 7: Oct 8	Labor market	<ul style="list-style-type: none"> Chapter 6 in Course Reader: “Labor Markets” Online review quiz. 	Online review questions October 9
Problem Set #3 (Due October 15)			
Quiz # 3 (Due October 16)			
Week 8: Oct 15-Oct 17	Consumption and investment	<ul style="list-style-type: none"> Chapter 7 in Course Reader: “Consumption and Investment” 	Online review questions October 18
Week 9: Oct 22-Oct 24	Open economy and the balance of payments	<ul style="list-style-type: none"> Chapter 8 in Course Reader: “International Capital Flows” 	Online review questions October 25
Problem Set #4 (Due October 27)			
Quiz # 4 (Due October 29)			
Week 10: October 29	Review in preparation for second midterm exam	<ul style="list-style-type: none"> Review material covered in Week 6 through Week 10. 	
Second midterm exam on Thursday October 31 (The first midterm is on the material covered in Week #6 through Week #10)			

Modules/Weeks	Topic	Assignments	Due Date
Week 11: Nov 5-Nov 7	Business cycles and the impact on businesses	<ul style="list-style-type: none"> Chapter 9 in Course Reader: “Business Cycle” 	Online review questions November 8
Week 12: Nov 12-Nov 14	Money, monetary policy and the Fed	<ul style="list-style-type: none"> Chapter 10 in Course Reader: “Money and Monetary Policy” 	Online review questions November 15
Problem Set #5 (Due November 17)			
Quiz # 5 (Due November 19)			
Week 13: Nov 19-Nov 21	The market for currencies and policies toward the exchange rate	<ul style="list-style-type: none"> Chapter 11 in Course Reader: “Foreign Currencies Exchange”. 	Online review questions November 22
Week 14: Nov 26	Exchange rate, trade balance and the macroeconomy	<ul style="list-style-type: none"> Chapter 12 in Course Reader: “Exchange Policies”. 	
Week 15: Dec 3-Dec 5	Exchange rate, trade balance and the macroeconomy & Review in preparation for the final exam	<ul style="list-style-type: none"> Chapter 12 in Course Reader: “Exchange Policies”. 	Online review questions December 4
Problem Set #6 (Due December 5)			
Quiz # 6 (Due December 6)			
Final exam on December 17, 11:00-1:00PM (To be confirmed) The final exam is on all material covered in Week #11 through Week #15			

Please note: The date/time of the Final Exam is determined by the University. For Fall 2024, the last day of class is Friday, December 6. Study days will be December 7-10. Final exams will be taken at the scheduled times on December 17 at 11:00-1:00PM (To be confirmed). Consult the USC *Schedule of Classes* at <https://classes.usc.edu/term-20243/final-examinations-schedule/>

ADDITIONAL INFORMATION

Add/Drop Process

Most Marshall classes are open enrollment (R-clearance) through the Drop/Add deadline. If there is an open seat, you can add the class using Web Registration. If the class is full, you will need to continue checking Web Registration or the Schedule of Classes (classes.usc.edu) to see if a space becomes available. Students who do not attend the first two class sessions may be dropped from the course. There are no formal wait lists for Marshall undergraduate courses, and professors cannot add students or increase the course capacity. If all sections of the course are full, you can add your name to an interest list by contacting the Office of Undergraduate Advising & Student Affairs (213) 740-0690; if new seats or sections are add-ed, students on the interest list will be notified.

The last day to add the class or withdraw without receiving a “W” (and receive a refund) is Friday, September 13, 2024. The last day to drop with a mark of a “W” (no refund) is Friday, November 15, 2024.

Technology Policy

Laptop and Internet usage is not permitted during on-campus academic or professional sessions unless otherwise stated by the respective professor and/or staff. Use of other personal communication devices during academic or professional sessions is considered unprofessional and is not permitted. ANY e-devices (cell phones, iPads, laptops, etc.) must be completely turned off during class time. Use of any recorded or distributed material is reserved exclusively for the USC students registered in this class. Exceptions to this policy may be granted to individual students with appropriate documentation on a case-by-case basis.

Artificial Intelligence (AI) policy

While it is not always advisable to utilize AI in this course, if you find it beneficial for achieving the learning objectives, you can employ AI-powered programs to assist you with assignments. One of the primary aims of these assignments is to grasp the course material thoroughly and prepare for the exams. However, if you rely on AI to answer assignment questions, you might not adequately prepare for the exams, as AI won't be accessible during in-class examinations. Additionally, it's important to recognize that AI tools may provide incorrect information, biased responses, or incomplete analyses. Consequently, they are not yet capable of generating text or solutions that meet the standards set for this course. In alignment with our university's values, it is essential to cite any AI-generated materials (such as text, images, etc.) incorporated or referenced in your work and provide the prompts used to generate the content.

Class sessions

Students must actively participate in all class sessions. Students are expected to ask thought-provoking questions, offer relevant comments, and answer questions from faculty in a clear and concise manner.

Open Expression and Respect for All

An important goal of the educational experience at USC Marshall is to be exposed to and discuss diverse, thought-provoking, and sometimes controversial ideas that challenge one's beliefs. In this course we will support the values articulated in the USC Marshall “Open Expression Statement” (<https://www.marshall.usc.edu/open-expression-statement>).

Academic Integrity

The University of Southern California is foremost a learning community committed to fostering successful scholars and researchers dedicated to the pursuit of knowledge and the transmission of ideas. Academic misconduct is in contrast to the university's mission to educate students through a broad array of first-rank academic, professional, and extracurricular programs and includes any act of dishonesty in the submission of academic work (either in draft or final form).

This course will follow the expectations for academic integrity as stated in the USC Student Handbook. All students are expected to submit assignments that are original work and prepared specifically for the course/section in this academic term. You may not submit work written by others or "recycle" work prepared for other courses without obtaining written permission from the instructor(s). Students suspected of engaging in academic misconduct will be reported to the Office of Academic Integrity.

Other violations of academic misconduct include, but are not limited to, cheating, plagiarism, fabrication (e.g., falsifying data), knowingly assisting others in acts of academic dishonesty, and any act that gains or is intended to gain an unfair academic advantage.

Academic dishonesty has a far-reaching impact and is considered a serious offense against the university. Violations will result in a grade penalty, such as a failing grade on the assignment or in the course, and disciplinary action from the university itself, such as suspension or even expulsion.

For more information about academic integrity see the student handbook or the Office of Academic Integrity's website, and university policies on Research and Scholarship Misconduct.

Please ask your instructor if you are unsure what constitutes unauthorized assistance on an exam or assignment or what information requires citation and/or attribution.

Statement on University Academic and Support Systems

Students and Disability Accommodations: USC welcomes students with disabilities into all of the University's educational programs. The Office of Student Accessibility Services (OSAS) is responsible for the determination of appropriate accommodations for students who encounter disability-related barriers. Once a student has completed the OSAS process (registration, initial appointment, and submitted documentation) and accommodations are determined to be reasonable and appropriate, a Letter of Accommodation (LOA) will be available to generate for each course. The LOA must be given to each course instructor by the student and followed up with a discussion. This should be done as early in the semester as possible as accommodations are not retroactive. More information can be found at osas.usc.edu. You may contact OSAS at (213) 740-0776 or via email at osasfrontdesk@usc.edu.

Student Financial Aid and Satisfactory Academic Progress: To be eligible for certain kinds of financial aid, students are required to maintain Satisfactory Academic Progress (SAP) toward their degree objectives. Visit the Financial Aid Office webpage for undergraduate- and graduate-level SAP eligibility requirements and the appeals process.

Support Systems:

[*Counseling and Mental Health*](#) - (213) 740-9355 – 24/7 on call

Free and confidential mental health treatment for students, including short-term psychotherapy, group counseling, stress fitness workshops, and crisis intervention.

[*988 Suicide and Crisis Lifeline*](#) - 988 for both calls and text messages – 24/7 on call

The 988 Suicide and Crisis Lifeline (formerly known as the National Suicide Prevention Lifeline) provides free and confidential emotional support to people in suicidal crisis or emotional distress 24 hours a day, 7 days a week, across the United States. The Lifeline consists of a national network of over 200 local crisis centers, combining custom local care and resources with national standards and best practices. The new, shorter phone number makes it easier for people to remember and access mental health crisis services (though the previous 1 (800) 273-8255 number will continue to function indefinitely) and represents a continued commitment to those in crisis.

[Relationship and Sexual Violence Prevention Services \(RSVP\)](#) - (213) 740-9355(WELL) – 24/7 on call
Free and confidential therapy services, workshops, and training for situations related to gender- and power-based harm (including sexual assault, intimate partner violence, and stalking).

[Office for Equity, Equal Opportunity, and Title IX \(EEO-TIX\)](#) - (213) 740-5086
Information about how to get help or help someone affected by harassment or discrimination, rights of protected classes, reporting options, and additional resources for students, faculty, staff, visitors, and applicants.

[Reporting Incidents of Bias or Harassment](#) - (213) 740-2500
Avenue to report incidents of bias, hate crimes, and microaggressions to the Office for Equity, Equal Opportunity, and Title for appropriate investigation, supportive measures, and response.

[The Office of Student Accessibility Services \(OSAS\)](#) - (213) 740-0776
OSAS ensures equal access for students with disabilities through providing academic accommodations and auxiliary aids in accordance with federal laws and university policy.

[USC Campus Support and Intervention](#) - (213) 740-0411
Assists students and families in resolving complex personal, financial, and academic issues adversely affecting their success as a student.

[Diversity, Equity and Inclusion](#) - (213) 740-2101
Information on events, programs and training, the Provost's Diversity and Inclusion Council, Diversity Liaisons for each academic school, chronology, participation, and various resources for students.

[USC Emergency](#) - UPC: (213) 740-4321, HSC: (323) 442-1000 – 24/7 on call
Emergency assistance and avenue to report a crime. Latest updates regarding safety, including ways in which instruction will be continued if an officially declared emergency makes travel to campus infeasible.

[USC Department of Public Safety](#) - UPC: (213) 740-6000, HSC: (323) 442-1200 – 24/7 on call
Non-emergency assistance or information.

[Office of the Ombuds](#) - (213) 821-9556 (UPC) / (323-442-0382 (HSC)
A safe and confidential place to share your USC-related issues with a University Ombuds who will work with you to explore options or paths to manage your concern.

[Occupational Therapy Faculty Practice](#) - (323) 442-2850 or otfp@med.usc.edu
Confidential Lifestyle Redesign services for USC students to support health promoting habits and routines that enhance quality of life and academic performance.