

PEPPERDINE UNIVERSITY
THE GEORGE L. GRAZIADIO
SCHOOL OF BUSINESS AND MANAGEMENT

DR. DONALD M. ATWATER

MBAM/MSAF 612.13

MACROECONOMIC ANALYSIS

FALL 2008

(SESSION B: OCTOBER 22 – DECEMBER 3, 2008)

WEDNESDAYS

8:00 AM – 12:00 PM

MALIBU

SYLLABUS

Macroeconomic Analysis
MBAM 612.13
FALL 2008

Wednesdays: 8:00 AM – 12:00 PM
(Session B: October 22 – December 3, 2008)
Malibu

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Introduction

Economics provides a set of tools and a foundation for understanding and predicting directional movements in national, regional and global markets. In this course, students are exposed to business decisions as corporate responses to systemic shifts and cycles associated with aggregate demand and supply relationships. It offers students the opportunity to explore the complexity of the business decision making process and the proper role(s) that macroeconomic principles, concepts and analyses can play. Students will create tangible, business response programs for firms that they are interested in. The skills learned in this course are meant to be combined with finance, marketing, accounting and other disciplines to give MBAs a comprehensive and robust basis for decision making.

The Professor's role in this course is to present economic theories, concepts, and principles so that you can test your abilities to apply and use them in your class projects. He will guide you in the development of assessments and remove barriers.

The work in this course will be a challenge, but the rewards and skills learned have proven useful in jobs interviews, provided reports that can be included in work portfolios of work, and advanced career opportunities.

Course Description

This course provides an overview of macroeconomics, the study of the overall workings of macro economic systems at the national, region and global levels. The effects of fiscal and monetary policies have long been the core of macroeconomics at the principles level. National income determination, including a treatment of indicators, economic modeling, and forecasting will be the framework of the analysis in studying various economic issues and policies.

Data collection, measurement, movement analysis and business responsiveness are core elements of both the Managerial Economics and Macroeconomics Analysis courses.

The dominant schools of western economic thought - Classical, Keynesian and Monetarist schools - will be examined for they provided different stabilization policies. Topics include unemployment, inflation, economic growth and international trade and finance. Various alternative economic philosophies such as supply-side economics and rational expectations theories will also be discussed.

Macroeconomic principles, concepts, and relationships are used to explain different risks that managers must address to be successful. These risks include interest rate risk, inflation risk, income (or output) risk, exchange rate risk, and long-term growth risk. These risks are managed using techniques that are taught in Finance and other MBA courses. This course is intended to provide an understanding of how such risks are created and what signals are provided on the directions of change so appropriate actions can be taken.

Course Objectives

A basic understanding of macroeconomics is essential if one is to be a well-informed citizen. In addition, understanding the operation of the economic system puts the business executive in a better position to formulate decisions that are in synch with the dynamics of the economic system.

The overall purpose of this course is to enhance abilities to recognize the risks associated with systemic economic cycles and to assess the likely effects of such risks on business performance. Students will be challenged to understand the correct use of:

- o Macro economic concepts, theories, indicators, measurement and forecasting
- o Movements and drivers behind changes in national, state, sector and market economic systems
- o Relationships between macro level economic change and business decision-making.

This course will introduce students to economic indicators as decision-making tools and familiarize students with current economic issues.

Texts and Course Materials

Required Text **Macroeconomics**, Stephen L. Slavin, (McGraw-Hill Irwin New York, New York 2008), 9th Edition, ISBN # 0-073-36246-5

Other Recommended Readings - Wall Street Journal, The Economist, Business Week, Fortune, Harvard Business Review, Columbia Journal of World Business, Los Angeles Times (Business section), Forbes.

Grading

Grades will be assigned based on a point system. Evaluation elements include:

<u>Examinations:</u> Four Quizzes	160 Points
<u>Presentation:</u>	40 Points
<u>Assignments:</u> In Class Assignments	15 Points
<u>Developing Country Analysis (DCR Report)</u>	25 Points
<u>Participation</u>	10 Points*
TOTAL	250 Points

- * **Note:** Students must also complete an assignment during this term which is part of a corporate analysis series (accounting ratio analysis, financial valuation analysis, and economic performance analysis) for the MBA program. A session will be held by Dr. Atwater on Friday October 3 in L1 at 9:00 AM to go over the details of this assignment. Failure to complete this assignment will result in loss of all ten (10) participation points.

Grades will be determined based on the following percentage of points scored relative to the 300 points possible:

A	94-100%	A-	90-94%	B+	87-90%	
B	83-87%	B-	80-83%	C+	77-80%

Examinations (160/250 Points)

There will be four closed-book quizzes. Multiple choice questions will be drawn from the test data bank for the required chapter readings from the previous week's class. Comparative analysis questions will be similar to those discussed in class the previous week using the four sector model and the mini macro sheet. Please note in week 3 the quiz will be based on the chapter readings and in class comparative analyses from week 1-2. No make-up quizzes will be given. Please see the Schedule of Classes section for more detailed information on individual quizzes.

Presentation (40/250 Points)

In week 2 a Four Sector Framework and Mini Macro Sheet will be presented by the Professor. Nine models or economic relationships will be identified. Four teams will be formed to discuss each of these macro models in week 3. Each team will be tasked to collect and present information on the economic models behind the linear relationship, what determines their slope, what shifts them and how they differ from country to country. Model assignments will be made at the end of class 2. All members of each team will receive equal scores. Scores can range from 0 to 40 points for each presentation.

Assignments (15/250 Points)

Three in class team assignments will be done during the session. Assignment due dates are found in the Class Schedule found at the end of this syllabus. Assignments will be done in teams. A team should have at least 3 members. Guidelines for each assignment will be provided one week prior to the due date of the assignment. Grade points will be assigned based on timeliness and completeness. All members of a team will receive the same point score. Point scores for each assignment will be based on these standards:

- 0 points not turned in on-time or was done incorrectly;
- 3 points turned in on-time but contained errors or did not meet all guidelines;
- 5 points turned in on-time and met all the guidelines.

Developing Country Analysis (aka DCR Report) (25/250 Points)

Developing countries face many long-term problems and challenges. Whereas most macroeconomic models and analyses address topics of interest to businesses in advanced countries, this assignment is an opportunity to discover how overall global progress can actually leave developing countries worse off. Ethical and environmental issues will be addressed. This assignment will be done by a team of students for two developing or emerging countries. A macroeconomic model (The Solow Growth Model) will be used to assess the long-term progress (or failure) of each country to expand and develop. A separate set of assignment guidelines will be provided in Blackboard and gone over in class. A report will be prepared by the team and submitted for scoring.

Class Participation (10/250 Points)

Participation is an individual effort in a “friendly competition.” Responding to questions posed by the Professor, being active contributors in class activities, and volunteering to solve in-class problems will increase participation scores. Participation scores will be based on these standards:

- 10 points voted as one of top five participants by the class and Professor in the last session. Please note students who are not respectful of others in this friendly competition will receive no points;
- 7 points participated fully in the class but not in the top five
- 5 points participated in some class activities but not on a regular basis
- 0 points no participation in class activities based on professor’s scorecard and/or failure to turn in the required economic performance analysis assignment.

Attendance Policy

The course will consist of lectures, class discussions and exercises, project reports, presentations, and examinations. Students are expected to attend all lectures and meetings of the class. Missing lectures and meetings can affect grades.

Students are expected to come to class having read all assigned readings. The class lectures will analyze the salient issues presented in the texts. Class discussions will be extensively used. Student participation in class discussions is an important part of this course. Current international events will be viewed as opportunities to apply macroeconomic theories and analyze the effectiveness of policies.

Conduct

This course may require electronic submission of essays, papers, or other written projects through the plagiarism detection service Turnitin (<http://www.turnitin.com>). Turnitin is an online plagiarism detection service that conducts textual similarity reviews of submitted papers. When papers are submitted to Turnitin, the service will retain a copy of the submitted work in the Turnitin database for the sole purpose of detecting plagiarism in future submitted works. Students retain copyright on their original course work. The use of Turnitin is subject to the Terms of Use agreement posted on the Turnitin.com website. You may request, in writing, to not have your papers submitted through Turnitin. If you choose to opt-out of the Turnitin submission process, you will need to provide additional research documentation and attach additional materials (to be clarified by the instructor) to help the instructor assess the originality of your work.

The University expects from all of its students and employees the highest standard of moral and ethical behavior in harmony with its Christian philosophy and purposes. Engaging in or promoting conduct or lifestyles inconsistent with traditional Christian values is not acceptable.

The following regulations apply to any person, graduate or undergraduate, who is enrolled as a Pepperdine University student. These rules are not to be interpreted as all-inclusive as to situations in which discipline will be invoked. They are illustrative, and the University reserves the right to take disciplinary action in appropriate circumstances not set out in this catalog. It is understood that each student who enrolls at Pepperdine University will assume the responsibilities involved by adhering to the regulations of the University. Students are expected to respect order, morality, personal honor, and the rights and property of others at all times. Examples of improper conduct for which students are subject to discipline are as follows:

- *Dishonesty in any form, including plagiarism, illegal copying of software, and knowingly furnishing false information to the University.*
- *Forgery, alteration, or misuse of University documents, records, or identification.*
- *Failure to comply with written or verbal directives of duly authorized University officials who are acting in the performance of assigned duties.*
- *Interference with the academic or administrative process of the University or any of the approved activities.*
- *Otherwise unprotected behavior that disrupts the classroom environment.*
- *Theft or damage to property.*
- *Violation of civil or criminal codes of local, state, or federal governments.*
- *Unauthorized use of or entry into University facilities.*
- *Violation of any stated policies or regulations governing student relationships to the University.*

Disciplinary action may involve, but is not limited to, one or a combination of the alternatives listed below:

Dismissal – *separation of the student from the University on a permanent basis.*

Suspension – *separation of the student from the University for a specified length of time.*

Probation – *status of the student indicating that the relationship with the University is tenuous and that the student's records will be reviewed periodically to determine suitability to remain enrolled. Specific limitations to and restrictions of the student's privileges may accompany probation."*

Policy on Disabilities

Assistance for Students with Disabilities

The Disability Services Office (DSO) offers a variety of services and accommodations to students with disabilities based on appropriate documentation, nature of disability, and academic need. In order to initiate services, students should meet with the Director of the DSO at the beginning of the semester to discuss reasonable accommodation. If a student does not request accommodation or provide documentation, the faculty member is under no obligation to provide accommodations. You may contact the Director of Disability Services at (310) 506-6500. For further information, visit the DSO Web site at: <http://www.pepperdine.edu/disabilityservices/>.

Schedule of Classes

Schedule of Classes			
Date	Topics	Readings	Assignment/Test Dates
10/22/2008	Overview	Chapters 9, 10, 16, 17 Developing Country (DCR)Assignment Guidelines	
10/29/2008	Four Sector Framework Mini Macro Sheet Macro Models	Four Sector Handout Mini Macro Sheet Handout Macro Class Notes Chapters 4, 5, 7, 11 and 15	Roadmap Exercise (In Class Teams) Learning Exercise DCR Report Due
11/5/2008	Macro Models Presentations (Teams)		Mini Macro Sheet (In Class Teams) Assignment
11/12/2008	Inflation Risk	Chapters 12, 15 and 16	Quiz 1
11/19/2008	Interest Rate Risk	Chapters 6, 13 and 14	Quiz 2
11/26/2008	Exchange Rate Risk	Chapters 8 and 19	Quiz 3
12/3/2008	International Trade Risk	Chapters 2, 3 and 18	(In Class Teams) Roadmaps Quiz 4

Class Sessions:

- Assignments 1-2 will be begun “in-class” and may be (at the discretion of the team members) completed in class or “out-of-class” and handed in the next session. Assignment #3 is due at the end of the class session. Assignment Guideline sheets will be gone over in-class.
- Quiz 1 will cover chapter and lecture content from sessions 1-3. Quiz 2 and 3 will cover material in the textbook chapters as well as in class lecture materials. Quiz 4 will cover materials included in Chapters 8, 19, 2,3,18 as well as chapter materials and lecture content from the previous session.
- The Professor will have scheduled Office Hours after class from 12:30 PM to 2:00 PM.. Appointments can be made to reserve time slots. Questions can be addressed in emails and if required working sessions can be scheduled at the Professor’s home office. Contact information is provided at the beginning of this syllabus.