Business Economics 501 A/B and C/D  
Analysis of Global Economic Conditions  
WINTER 2015 SYLLABUS

Prof. Debra Glassman      Office Hours:  
440 Paccar Hall           Tuesday, 5:30-6:30  
Telephone: 543-8738, Fax: 221-6856               Wednesday, 4:30-5:30  
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TA: Vladimir Dashkeev, vvd@uw.edu

Course Description  
This course examines the macroeconomic environment in which firms operate. The ultimate objective is for you to understand how external forces and policies affect the overall health of a nation’s economy and hence the business decisions that you make. Recent events have demonstrated the deep effects of global macroeconomic fluctuations on business and the challenges of macroeconomic policy-making in an interdependent world. Thus, this course covers both the domestic and global aspects of macroeconomics. It will give you the tools to understand the key elements of economic growth, inflation, unemployment, business cycles, fiscal policy, monetary policy, trade policy, and current economic developments.

Course Requirements                 Approx. % of final grade
Problem sets        30%  
Group presentation (various dates)    10%  
Midterm exam (take-home – posted 2/2, due 2/8)  25%  
Final exam (take-home – posted 3/9, due 3/15)   30%  
Attendance and participation       5%  

Exam information  
The exams are take-home and will consist of a combination of types of questions, including multiple choice and short essays. The final exam will cover material after the midterm. Due dates are listed above. Plan your schedule accordingly - no early exams will be provided under any circumstances.

Late submissions of exams or problem sets are are subject to a 50% grade penalty for the first 48 hours after the due date, unless you request (and are granted) an extension before the due date. No credit will be given after that time.

Help Sessions and Problem Sets  
Vladimir Dashkeev will hold help sessions weekly. They are optional, but you are strongly encouraged to take advantage of them. Vladimir will review concepts from class, work on problem solving, and answer your questions.

Schedule for Help Sessions:  
Jan-12, Jan-20 (TUE), Jan-26, Feb-02, Feb-09, Feb-23, Mar-02, Mar-09  
in Paccar (room 294; room for Jan-20 to be confirmed), 5:30-6.30 pm (5:30-7 before exams)

Problem Set due dates:  
At midnight (11:59 pm) on Jan-18, Jan-26, Feb-01, Feb-15, Mar-01, Mar-08  
Each problem set will be posted on Canvas after a help session. It is due one week later. Answers should be submitted on Canvas.

Textbooks and Required Readings  
Textbook - available at the University Bookstore:  
The other required readings are either posted on Canvas or are readily available online. Additional readings may be handed out in class. The powerpoint slides for all in-class lectures will be posted on Canvas.

**Communications**
You can contact me by e-mail at dg2854@uw.edu. I check my e-mail regularly on weekdays. I will use the Canvas website to post announcements, lecture notes, and other course materials.

**MBA Program and Class Expectations**

**Class Attendance**
Class attendance with your scheduled section is critical to participation in the learning experience. In accord with Foster MBA Program policy, attendance is *required* except in cases of (1) illness or (2) unavoidable conflict with a job or internship interview that cannot be rescheduled. Regardless of the reason for missing a class meeting, you should notify your instructor in advance. You are responsible for the learning experience that takes place in your absence. Work with your core team to address any material you may have missed, and contact the instructor and/or TA should you have remaining questions.

This class has both 1:30 and 3:30 sections. Space permitting, you are welcome to attend either section, but I will only give attendance/participation credit in the section in which you are registered.

**Student Professionalism in Class**
Each student is expected to be on time and to be prepared for each class meeting, as well as fully engaged in class content throughout the class meeting. I ask that you stay offline during class sessions and only use your electronic devices for class-related activities. Research shows that being online (surfing the Web, checking email, texting, etc.) inhibits your ability to learn and distracts those around you (including me). Thank you for supporting this policy.

**The Honor Code**
I employ the principles and procedures espoused by Foster School of Business MBA Honor System to maintain academic integrity in the course. The Honor Code of the Foster School expressly prohibits cheating, attempted cheating, plagiarism, and lying to administration or faculty as it pertains to academic work. Suspected violations of the Honor Code will be handled by referral of the matter to the Foster MBA Honor Council.

The Honor Code will apply to course deliverables in the following manner:

- In order to maximize the student learning experience, the work you submit should be your own. Except as described below, do not seek or consider outside sources of information in preparing deliverables for the course. This includes students currently or formerly enrolled in the course as well as others outside Foster. Sharing of course resources with others beyond the narrow range permitted with team members is also considered a violation of the Honor Code.
- Plagiarism is the use of someone else’s words without full attribution (full attribution means use of quotation marks and indication of the source in proper bibliographic form). Close paraphrasing is also considered plagiarism. See [http://depts.washington.edu/pswrite/plag.html](http://depts.washington.edu/pswrite/plag.html). The “someone else” is anyone from published authors to fellow students. My policy is to give a grade of 0 to any duplicate or plagiarized work.
- Problem Sets: you may consult with other students about the interpretation of questions while preparing homework assignments, but I expect you to select the answers yourself.
- Exams are individual endeavors. You are welcome to read any printed or online resources, but do not consult with any other person (including other students) as you prepare your exam answers. I expect your written answers to be entirely in your own words.

I expect that you will complete all deliverables required in the course in accord with the principles of the Honor Code and submit them by the due dates assigned. If you have any uncertainty about how the
Honor Code applies to a specific deliverable in the course, please ask before taking action; when it is not possible to ask before acting, please err on the side of the most cautious interpretation.
LIST OF TOPICS AND READINGS

The topics and readings given below are subject to change (with prior notice). Each reading should be completed before the date given. All readings are required unless otherwise indicated.

• All Chapter references are from the Miles, Scott, and Breedon textbook. Note that I have assigned only a subset of chapter sections.
• Other required readings are available online (posted on Canvas or at the URL given). Additional readings may be assigned.

1/6 Introduction to macroeconomics; aggregate supply and aggregate demand

Chapter 1

Chapter 11, section 11.8 and pp.269-270

1/8 Measuring GDP

Chapter 2


1/13 Business cycles

Chapter 11, sections 11.1-11.5, and 11.9


1/15 Productivity

Chapter 3, sections 3.3-3.4 only

Optional: Sections 3.1-3.2; Chapter 5


1/20 Unemployment

Chapter 7 (you may skim through the mathematical models in 7.2 and 7.5; skip section 7.7)


Optional: Planet Money podcast 392, Aug. 6, 2012, “Keeping the Biggest Secret in the U.S. Economy”
1/22  Inflation

Chapter 12, sections 12.1-12.3 and 12.8-12.9

Chapter 13, section 13.3

Planet Money podcast, “The Price of Lettuce in Brooklyn”:
(story starts at about the 3:00 mark of the podcast)

“A Visual Guide to Deflation,” from Mint.com and WallStats.com, April 8, 2009 (you do not have to read all the comments)
http://www.mint.com/blog/finance-core/a-visual-guide-to-deflation/

If you like this, you can find A Visual Guide to Inflation (optional) at
http://www.mint.com/blog/finance-core/a-visual-guide-to-inflation/

1/27  Determinants of consumption

Chapter 10, sections 10.1-10.7


1/29  Determinants of investment and net exports

Chapter 10, sections 10.8-10.10, 10.12

Chapter 19, sections 19.4-19.6

Optional: sections 19.1-19.3; Chapter 20, section 20.8

2/3  Net exports and trade policy

Chapter 8 (sections 8.3 and 8.6 optional)


2/5  Interest groups and trade remedies

Read or listen to the following two stories by Adam Davidson that aired on NPR on November 27 and 28, 2007 (each is about 8 minutes long; the text is also on the website):

Part 1: “World Sock Capital Suffers From Duty-Free Imports,”
Part 2: “Thriving Honduran Sock Industry May Disappear,”

Listen to the following story about candy and sugar:

“The Lollipop War,” Planet Money Episode 454, April 26, 2013
http://www.npr.org/blogs/money/2013/04/26/179295426/episode-454-the-lollipop-war

Optional: “Planet Money Makes A T-Shirt”
http://apps.npr.org/tshirt/#/title
2/10  Introduction to stabilization policy; multiplier

Chapter 15, section 15.1 (skip discussion of figures 15.3 and 15.4)

Chapter 10, pp. 242-44; re-visit multiplier part of section 10.2

2/12  Monetary policy: banking system and central banks

Chapter 12, sections 12.4-12.6

Chapter 13, section 13.1

Chapter 17

www.minneapolisfed.org/community_education/student/centralbankhistory/bank.cfm

2/17  Monetary policy: conventional and non-conventional policy tools

Chapter 13, sections 13.8, 13.10, and 13.12


2/19  Phillips curve; term structure of interest rates

Chapter 15, sections 15.3 - 15.5

Chapter 16, sections 16.10-16.13

2/24  Fiscal policy

Chapter 14, sections 14.1 and 14.3-14.4

Chapter 15, section 15.2

2/26  Fiscal policy (2)

“The Budget and Economic Outlook: 201502025," Congressional Budget Office, forthcoming, February 2015 (url to be provided upon publication)
3/3 Economic integration; NAFTA

Office of the US Trade Representative, “North American Free Trade Agreement,”

3/5 European Union

Follow these links: “Who we are” > “What is the European Union”
Read “The European Union through the years” and “How the EU works”

Chapter 21, sections 21.9 and 21.11

3/10 Sovereign debt crisis in Europe

Chapter 18, sections 18.1-18.6

Fernando M. Martin and Christopher J. Waller, “Sovereign debt: a modern Greek tragedy,”

Optional (really good, but requires 57 minutes of listening): “Continental Breakup,” This
American Life, January 20, 2012
www.thisamericanlife.org/radio-archives/episode/455/continental-breakup

3/12 Macroeconomic issues for 2015

World Economic Outlook – reading TBA