Syllabus

The Global Economy
MBAD 518
TuTh 8:30-12:00pm
Tate Center
Website: http://wittem.people.cofc.edu

Mark Witte
Office: JC Long 309
Office Hours: TuTh 7:30-8:30am
or by appointment
Email: wittem@cofc.edu

COURSE OUTLINE
This class is designed to provide a framework for understanding how national and international macroeconomic markets interact, how they impact business performance and, therefore, how they affect business decisions.

Macroeconomic variables pose a significant challenge to businesses because they are determined by markets and/or governmental agencies, not managers. Managers have no control over these variables so they must develop superior skills reacting to, coping with, and anticipating macroeconomic fluctuations.

→ Goals:
→ To learn the sources and meaning of macroeconomic variables including GDP, inflation, unemployment, money supply, exchange rates, interest rates etc…
→ To learn the interaction of macroeconomic variables across countries (covered interest parity, purchasing power parity, beggar-thy neighbor policies, convergence etc…)
→ To learn the impact of macroeconomic characteristics on financial statements, long term budgeting, pricing strategies and other business operations.
→ To learn the impact of fiscal and monetary policy on the aggregate economy to better understand the business climate under different regimes.
→ To learn basic descriptions of various markets (loanable funds, exchange rates, assets, goods and services) and how those markets interact.

TEXT
There is one textbook for this class: Macroeconomics by N. Gregory Mankiw, 6th edition. Additional material may include handouts that will be distributed.
GRADING
The final grade in this class will be calculated under a 10 point graduate grading scale.

<table>
<thead>
<tr>
<th>Grading Weights</th>
<th>Graduate Grade Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homework I – 10%</td>
<td>A: &gt; 90%</td>
</tr>
<tr>
<td>Midterm I – 15%</td>
<td>B+: 86% - 90%</td>
</tr>
<tr>
<td>Homework II – 10%</td>
<td>B: 80% - 86%</td>
</tr>
<tr>
<td>Midterm II – 15%</td>
<td>C+: 76% - 80%</td>
</tr>
<tr>
<td>Homework III – 10%</td>
<td>C: 70% - 76%</td>
</tr>
<tr>
<td>Final Exam - 40%</td>
<td>F: &lt; 70%</td>
</tr>
<tr>
<td></td>
<td>I: Incomplete</td>
</tr>
<tr>
<td></td>
<td>XF: Academic Dishonesty</td>
</tr>
<tr>
<td></td>
<td>W: Withdrawn</td>
</tr>
</tbody>
</table>

The Final Exam is comprehensive and must be turned in on time. The instructor reserves the right to “curve” grades at the end of the semester or consistently not award “+” or “-” grades.

Any disagreement with the grade given can only be contested in a written form. Submit in writing (not email) both the question which you believe was unfairly graded along with economic reasoning for why your answer was correct. A written response will be given to you afterwards.

Under NO circumstances will a grade be changed by email or any other means. In addition, grades may not be sent out over email.
**SCHEDULE**

If you will be unable to attend the class regularly then it is likely that your grade will reflect your effort. If you are unable to or unwilling to read the assigned material then it is likely that your grade will reflect your effort. The best method to study for the midterms and final is to understand the lecture notes. You, not the professor, are responsible for your notes. The lectures are constructed so that the text may act as a reference.

<table>
<thead>
<tr>
<th>DATES</th>
<th>NOTES</th>
</tr>
</thead>
</table>
| Sept. 7, 9  | Ch. 1 (science of macroeconomics, models and math)  
              Ch. 2 (GDP, real vs. nominal, CPI and unemployment)  
              Ch. 3 (classical theory, factor demand, C, G, I, equilibrium, taxes, savings)                                               |
| Sept. 14, 16| Ch. 3 (classical theory, factor demand, C, G, I, equilibrium, taxes, savings)  
              Ch. 4 (money, prices and inflation, fisher effect, velocity)  
              Ch. 5 (NX, capital flows, fiscal policy and investment, exchange rates, NCO)                                                   |
| Sept. 21, 23| Ch. 5 (NX, capital flows, fiscal policy and investment, exchange rates, NCO)  
              Ch. 5 Appendix (large open economies)  
              Ch. 6 (unemployment, job search, minimum wages, efficiency wages)  
              **Sept. 23 = FIRST OPTIONAL EXAM TURN IN**                                                                                     |
| Sept. 28, 30| Special Section – Trade (Heckscher-Ohlin, intra-industry trade)  
              Ch. 9 (business cycle, short run vs. long run, Keynesian models)  
              Ch. 10 (derivation of the IS-LM curves)                                                                                    |
| Oct. 5, 7   | Ch. 10 (derivation of the IS-LM curves)  
              Ch. 11 (application of the IS-LM curves)  
              **Oct. 7 = SECOND OPTIONAL EXAM TURN IN**                                                                                   |
| Oct. 12, 14, 19| Ch. 12 (Mundell-Fleming, fixed vs. floating exchange rates, interest rates)  
              Ch. 12 Appendix (Mundell-Fleming in large open economies)  
              Makeup and Discussion  
              **FINAL EXAM Due Oct. 25th 8AM**                                                                                           |

Final Exams may not be returned but can be viewed on request.
OTHER IMPORTANT INFORMATION

HONOR CODE
Lying, cheating, attempted cheating, and plagiarism are violations of our Honor Code that, when identified, are investigated. Each incident will be examined to determine the degree of deception involved.

Incidents where the instructor determines the student’s actions are clearly related more to a misunderstanding will handled by the instructor. A written intervention designed to help prevent the student from repeating the error will be given to the student. The intervention, submitted by form and signed by both the instructor and the student will be forwarded to the Dean of Graduate Students and placed in the student’s file.

Cases of suspected academic dishonesty will be reported directly by the instructor and/or others having knowledge of the incident to the Dean of Graduate Students. A student found responsible by the Honor Board for academic dishonesty will receive a XF in the course, indicating failure of the course due to academic dishonesty. This grade will appear on the student’s transcript for two years after which the student may petition for the X to be expunged. The student may also be placed on disciplinary probation, suspended (temporary removal) or expelled (permanent removal) from the College by the Honor Board.

Students should be aware that unauthorized collaboration--working together without permission-- is a form of cheating. Unless the instructor specifies that students can work together on an assignment and/or test, no collaboration is permitted. Other forms of cheating include possessing or using an unauthorized study aid (such as a PDA), copying from others’ exams, fabricating data, and giving unauthorized assistance.

Research conducted and/or papers written for other classes cannot be used in whole or in part for any assignment in this class without obtaining prior permission from the instructor.

No phones or devices with internet access may be used as calculators during a quiz or exam.

Students can find the complete Honor Code and all related processes in the Student Handbook at http://www.cofc.edu/about/documents/handbook.pdf.

ENROLLMENT
Students not properly enrolled may be dropped from the course or may not receive a final grade. Students who do not attend any of the lectures in the first week may be dropped from the class.

ADDITIONAL STATEMENTS

SCHOOL OF BUSINESS LEARNING GOALS: In this class students must ethically question the tradeoff between equity and efficiency. By understanding this inherent public policy tradeoff students will be encouraged to appraise other ethical tradeoffs as well. Additionally, students will be studying economic principles in a global environment. By analyzing the global interactions between economies, firms and households students will have the opportunity to consider their own actions in a global economy. Finally, students will gain valuable problem-solving skills that can be applied to business decisions.