

**BIZ 203 Macroeconomic Foundations for
Business Planning
The James F. Dicke College of Business Administration
Ohio Northern University**

Winter 2009-2010

Instructor: Kazuhisa Matsuda, Ph.D.

Office: Room 124, Dicke Hall

Office Hour: 12:00 – 14:00 & 16:00 – 17:00 on MWRF

Phone: (419) 772-3929

Email: k-matsuda@onu.edu

Class Schedule

Course	Days & Time	Room
BIZ 203-01 CRN: 22178	MWRF 2:00 – 2:50 AM	DI 230
BIZ 203-02 CRN: 22179	MWRF 3:00 – 3:50 PM	DI 230

College Mission Statement:

Develop business and civic leaders for a changing world.

Course Objectives:

This course is designed as an introductory to intermediate level macroeconomics principles course for economics, business, marketing, management, and accounting majors. Emphasis is equally on both the fundamental concepts of macroeconomics and their applications. Students are expected to develop the ability to apply the basic concepts to the business settings in the real world through numerous application problems and case studies. Students are required to work as a team in many case studies because of the importance of the ability to be a member of a team and contribute to the team like any other business settings.

There are several key issues in this course. One is the determinants of a country's gross domestic product (the level of output of goods and services produced in a year). The course provides various ways in which GDP is measured called national income accounting. Students will learn to construct a model of aggregate demand and aggregate supply in an open economy and analyze the reasons for short-run fluctuations in GDP and unemployment (business cycles), and changes in the price level. Another important issue is the role of government to raise employment and reduce inflation. The course analyzes the role of fiscal and monetary policies including the appropriateness of changing taxes, government spending, and interest rates. Since the course deals with an open economy, students will study the importance of exports and imports in the economy and the relationship between interest rates and exchange rates.

Required Text:

Title: Principles of Macroeconomics & MyEconLab Student Access Code & MEL Package, 9/E
Author: Karl E Case, Ray C Fair, Sharon Oster
Publisher: Prentice Hall
ISBN-10: 0138001928

Course Grades:

In terms of exams, you will have two midterm exams and one final exam. Other components of your grade include series of assignments (team presentation and team assignments) and the attendance.

Grade Component

	Date	Time	Weight	Cumulative
Midterm Exam 1	Dec/18/2009/Friday	50 m	24%	Yes
Midterm Exam 2	Jan/22/2010/Friday	50 m	24%	Yes
Others			26%	
Final Exam	See below.	120 m	26%	Yes

Final Exam Schedule

Course	Day & Time
BIZ 203-01	February/25/2010/Thursday 4:00 – 6:00 PM
BIZ 203-02	February/24/2010/Wednesday 4:00 – 6:00 PM

*I expect regular class attendance and participation throughout the semester in compliance with ONU Catalog.

*These are plans. These plans are subject to change by the discretion of the instructor.

Grading Scale:

A = 90-100

B = 80-89

C = 70-79

D = 60-69

F = 59 and below

CBA Policy: Messy or poor quality written work containing numerous errors in grammar, syntax, spelling, typos, etc. will receive substantially lower points. The instructor reserves the right to give an “F” for an assignment with excessive typos/mechanical errors/spelling errors.

Required Course Materials & Web Readings:

- <http://www.maxmatsuda.com>
- Wall Street Journal Online
- Stock trading simulation game & Marketwatch.com
- MyeconLab

Make-up Exam Policy:

Make-up exams will be allowed only in extenuating circumstances. Every effort should be made to take the test as scheduled. All make-ups must have the instructor's approval.

Disabilities:

Students requiring particular accommodations because of physical and/or learning disabilities should contact their Dean's office prior to the end of the first week of classes. That Dean's office is then required to make contact with your instructor. If you have any questions, please feel free to speak with me.

Academic Honesty:

Academic policies as stated in the student code will be strictly enforced. (See Appendix C, Code of Student Academic Conduct, of the Student Code of Conduct.)

Course Outline & Required Readings:

Part 1: Concepts and Problems in Macroeconomics

[5] Introduction to Macroeconomics

- The Great Depression and John Maynard Keynes
- Inflation, Deflation, Output Growth, Unemployment
- Role of Government in the Macroeconomy: Fiscal Policy and Monetary Policy
- Aggregate Demand and Aggregate Supply: The U.S. Economy since 1900
- Expansion and Contraction: Business Cycle

[6] Measuring National Output and National Income

- Gross Domestic Product
- Nominal versus Real GDP
- Limitations of the GDP Concept

[7] Long-Run and Short-Run Concerns: Growth, Productivity, Unemployment, and Inflation

- Long-Run Output and Productivity Growth
- Recessions, Depressions, and Unemployment
- Inflation

Part 2: The Goods and Money Markets

[8] Aggregate Expenditure and Equilibrium Output

- Aggregate Output and Aggregate Income
- Equilibrium Aggregate Output
- The Multiplier

[9] The Government and Fiscal Policy

- Government in the Economy
- Fiscal Policy at Work: Multiplier Effects
- The Federal Budget
- Economy's Influence on the Government Budget

[10] The Money Supply and the Federal Reserve System

- An Overview of Money
- How Banks Create Money
- The Federal Reserve System
- How the Federal Reserve Controls the Money Supply

[11] Money Demand, the Equilibrium Interest Rate, and Monetary Policy

- The Demand for Money
- The Equilibrium Interest Rate

[12] Money, the Interest Rate, and Output: Analysis and Policy

- The Links Between the Goods Market and the Money Market
- Combining the Goods Market and the Money Market
- Other Determinants of Planned Investment

Part 3: Macroeconomic Analysis

[13] Aggregate Demand, Aggregate Supply, and Inflation

- The Aggregate Demand Curve
- The Aggregate Supply Curve
- The Equilibrium Price Level
- The Long-Run Aggregate Supply Curve
- Aggregate Demand, Aggregate Supply, and Monetary and Fiscal policy
- Causes of Inflation

[14] The Labor Market, Unemployment, and Inflation

- The Labor Market: Basic Concepts
- The Classical View of the Labor Market
- Explaining the Existence of Unemployment
- The Short-Run Relationship Between the Unemployment Rate and Inflation
- The Long-run Aggregate Supply Curve, Potential GDP, and the Natural Rate of Unemployment

[15] Long-Run Growth

- The Growth Process: From Agriculture to industry
- The Sources of Economic Growth
- Growth and the Productivity in the United States
- Economic Growth and Public policy
- The Pros and Cons of Growth

[16] Debates in Macroeconomics: Monetarism, New Classical Theory, and Supply-Side Economics

- Keynesian Economics
- Monetarism
- New Classical macroeconomics
- Supply-Side Economics
- Testing Alternative Macroeconomic Models

Part 4: The World Economy

[17] International Trade, Comparative Advantage, and Protectionism

- Trade Surpluses and Deficits
- The Economic Basis for Trade: Comparative Advantage
- The Sources of Comparative Advantage
- Trade Barriers: Tariffs, Export Subsidies, and Quotas
- Free Trade vs. Protection

[18] Open-Economy Macroeconomics: The Balance of Payments and Exchange Rates

- The Balance of Payments
- Equilibrium Output in an Open Economy
- The Open Economy with Flexible Exchange Rates
- An Interdependent World Economy

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