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

ALI AKBARI

MBA 674.33

National Income Policy & Corporate Response

Fall 2003

WEDNESDAY

6:00 PM -10:00 PM

San Fernando Valley Center

SYLLABUS
National Income Policy & Corporate Response
MBA 674.33
Fall 2003

Professor’s Name: Dr. Ali Akbari
Day/Class time: Wednesday 6:00 PM-10:00 PM
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E-mail address: aakbari@pepperdine.edu
Office Hours: To Be Arranged

Course Description
This course deals with economic theories underlying contemporary issues and policies as they affect the modern business enterprise. The course covers the problems of inflation, unemployment, fiscal and monetary policy, productivity, and economic progress.

About This Course
Macroeconomics studies human behavior at an aggregate level, or as it pertains to the entire economy. Macroeconomics includes such topics as aggregate demand and supply, unemployment, inflation, monetary and fiscal policy, and government deficits and debt. "Macro" is the stuff of headlines, and of high policy - Congress and the budget, the Federal Reserve. Unlike microeconomics, which focuses on the behavior of rational actors, individually or in markets, macro deals with an entire economy. Macroeconomics is concerned mainly with the economic aggregates, or the economy as a whole. The subject matter of macroeconomics deals to a large extent with the problem of unemployment and inflation. In large these problems also influence the total output of society and distribution of this output. In short, Macroeconomics attempts to answer the truly "big" questions of economic life, that is, full employment, capacity or undercapacity production, a satisfactory or unsatisfactory rate of growth, inflation or price stability.

Course Objectives
The objective of this course is to provide the student with knowledge of the macro economic system, its problems, and the efficiency of available tools for the resolution of these problems. National Income Policy & Corporate Response (MBA674) should alert you to the implications of macroeconomic situations for managerial and personal decisions you will be making in the years ahead. In this course we will analyze economy-wide issues, such as growth, unemployment, inflation, interest rates, and international trade. We then analyze interactions among these smaller pieces, with a focus throughout on the impact of policy on economic performance.
Texts and Course Materials


This guide offers various ways for students to learn the material in the new edition and assess their understanding of macroeconomics issues. [Required]

Alternative References

There exist numerous other intermediate micro textbooks and references which may be useful for clarifying certain concepts if the Arnold's Macroeconomics treatment is confusing. For example:

1. *Exploring Economics*, Robert L. Sexton, Pepperdine University. This text offers students lively, back-to-the-basics approach designed to take the intimidation out of economics. With its short, self-contained learning units and its carefully chosen pedagogy, graphs, and photos, this text will help students master and retain the principles of economics.

2. *Principles of Macroeconomics*, 2nd Edition, N. Gregory Mankiw, Harvard University. In writing this textbook, Mankiw has tried to put himself in the position of someone seeing economics for the first time. The author's conversational writing style is superb for presenting the politics and science of economic theories to tomorrow's decision-makers. Because Mankiw wrote it for the students, the book stands out among all other principle texts by intriguing students to apply an economic way of thinking in their daily lives.

3. *Introduction to Economics*, 2nd Edition, Alan C. Stockman, University of Rochester. Alan Stockman created Introduction to Economics to expose students to the fun and excitement found in economics. The author draws in students with engaging, real-world examples including news clippings that show real-life applications of economic analysis, topical and historical economic issues that show its breadth, and discussions of how students can use economics for intelligent decision making. The unique and popular in-chapter explanations paired with examples and exercises walk students step-by-step through the concepts of economics. The Second Edition enthusiastically presents a well-rounded, uniquely interdisciplinary approach to economics. This streamlined edition offers greater in-depth coverage of the core principles of economics and focus on thinking skills and applications of economic logic to real-life issues. Through effective retooling, the text is now more accessible, shorter, and even more student-friendly.

Recommended Readings:

A subscription to the *Wall Street Journal* is highly recommended. I will assign weekly readings from current business journals and periodicals. These readings will be assigned to you via e-mail and will be available for you to read over the Internet. These readings will serve as current case studies in the application of economic principles to the business environment. Other useful business journals are: Business Week, Barron's, Forbes and Fortune.
Grading and Evaluation:
Each student will be given a grade reflecting the professor's evaluation of the student's mastery of the course material. The combined points or the Total Score on the following exercises will determine the letter grade in the class:

(a) Midterm exams        40%       200
(b) Group Project        15%         75
(c) Final Exam        40%       200
(d) Extra Credit/Internet activities   5%         25
TOTAL                 100%      500 Points

A relative frequency distribution table will be used to determine your letter grade in the class. The following scale will be used:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Letter grade</th>
<th>Point Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>95 – 100%</td>
<td>A</td>
<td>4.0</td>
</tr>
<tr>
<td>90 – 94.9</td>
<td>A-</td>
<td>3.7</td>
</tr>
<tr>
<td>87 – 89.9</td>
<td>B+</td>
<td>3.3</td>
</tr>
<tr>
<td>83 – 86.9</td>
<td>B</td>
<td>3.0</td>
</tr>
<tr>
<td>80 – 82.9</td>
<td>B-</td>
<td>2.7</td>
</tr>
<tr>
<td>77 – 79.9</td>
<td>C+</td>
<td>2.3</td>
</tr>
<tr>
<td>73 – 76.9</td>
<td>C</td>
<td>2.0</td>
</tr>
<tr>
<td>70 – 72.9</td>
<td>C-</td>
<td>1.7</td>
</tr>
<tr>
<td>67 – 69.9</td>
<td>D+</td>
<td>1.3</td>
</tr>
<tr>
<td>63 – 66.9</td>
<td>D</td>
<td>1.0</td>
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<tr>
<td>60 – 62.9</td>
<td>D-</td>
<td>.7</td>
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Class Sessions:
Course content and tests will come from both the text and the lecture. In addition to overviewing the concepts developed in the text, class sessions will be devoted to probing, extending, and applying the text material and case studies. It shall be assumed that students have read and are prepared to discuss the text assignments before coming to class, as well as any appropriate case or handout materials. Relatively heavy reliance will be placed on use of the Internet, as a learning tool, in this class. You will receive regular e-mail messages from me, for both reading assignments and class announcements.

Group Project:
Conducting research in a scientific field is a creative activity. We will divide the class into a three or four teams and each team member will work together and meet as many times as necessary to use their collective abilities to conduct and present their research paper for the semester. There will be one grade for the project and every group member will evaluate the
contribution of all of his/her teammates. It is therefore important that all group members do their best efforts and contribute to the collective work in an equitable and fair manner. Finding a topic, which can be of interest and suitable for the beginners of learning a discipline can often be a hard task. The following is a list of some suggested topics from which you can choose:

- The study of the ongoing trade imbalance problem between Japan and the USA.
- Cost-benefit analysis of government regulation.
- The study of the ongoing trade imbalance problem between Japan and the USA.
- Causes of inflation and stagflation: What are the corrective policies?
- What is the market failure and what can be done to prevent/modify it.
- Costs and benefits of free trade.
- Economic assessment of a clean air policy for the USA.
- A study of the market structure of the college education industry.
- How important is economies of scale?
- Evaluation of the current state of economy: Current economic problems and challenges. What are the corrective policies?
- Economic study of unemployment and inflation during the last two decades. Has there been a Phillips Curve in USA?
- Analyses of fiscal and monetary policies: A survey of the policies in the USA during the last two decades.
- Macroeconomic Measurements: problems and drawbacks associated with measuring, collecting, processing and reporting macroeconomic data i.e. statistical pitfalls relating to macroeconomic measurements such as GDP, Inflation Rate, Unemployment Rate etc.
- A social cost-benefit analysis of rent control: The welfare impact and the prospects of investment in the industry.

**Some hints on how to prepare your term paper:**

With some differences, most research papers in economics have the following segments:

- Formulating the research question (extensive advise will be given by the professor in the first meeting of the class).
- An introduction to the topic: Begin the paper by giving reasons for the selection of the topic. It is also useful to indicate the possible uses of the study in its introduction.
- Survey of the existing literature: Research in every field is only a link between what exists and what can be further explored; therefore, it is necessary to give a brief account of what others discovered in that particular field of study.

- Conduct individual analysis: Here the student should use her/his own methodology and analysis and present the study's achievements. The major part of the researcher's contribution appears in this section.
- Conclusion and Policy Implications: A study in economics should help in the making of better decisions. Because of this, a researcher is often faced with and should address the question of policy implications in her/his study.
- All additional analyses or data can be put in the appendices.
- If statistics or views are presented that are not of the researcher, the source should be mentioned in the appropriate fashion.
A bibliography is needed for the paper. One of the prevailing methods of expressing the references (in a consistent manner throughout the paper) should be used.

Do not use emotional or sarcastic phrases.

Mention, if possible, the need for more elaborated work or questions that the study may raise.

Mention the shortcomings of the study rather than hiding them.

All the research papers should be presented to the class according to a predetermined schedule of presentations. Use of a PowerPoint presentation format is strongly recommended. 20% of your grade will be determined by group project.

**Class Discussion:**

Each student is expected to contribute to class discussion. To a substantial extent, the benefit students derive from the assignments is related to their willingness to expose their viewpoint to the critical judgment of the class. Do not be reluctant to voice your opinion.

**Class Participation:**

Attendance and participation in class is expected and is a component of the final grade. The assigned problems and cases are intended to facilitate learning the concepts and techniques of macroeconomic analysis. Homework will be assigned to assist student in learning the material and preparing for the examinations. It is important to remember the more problems a student works, the better he/she should do on the examinations. You are also urged to solve study guide problems or other unassigned problems at the end of each chapter.

**Instructor/Student Interaction:**

If at any point during the course you have questions regarding the preparation of cases, exams, or other course-related issues, please do not hesitate to contact the instructor. If scheduled office hours are inconvenient for you, contact me after class to arrange an alternative appointment. I care about your progress in the class, and if you are having difficulty, I would like to meet with you. It is my desire that this class will be a positive experience for you, and I want to help make it one. Please do not hesitate to contact me, either by phone or e-mail, for any reason whatsoever.

**Evaluation Policy:**

All aspects of the class are "fair game" for the examinations. Class discussions are included as a source. In particular, if the class has difficulty with particular concepts or techniques on an exam, these are likely to be tested again on a later exam. The student is expected to make every reasonable effort to take all the examinations at the scheduled time. Make up examinations will not be allowed under any circumstances. If an examination is missed for an approved reason, the next exam weight will be increased to compensate for the missed grade. Approval for missed examinations will be rare indeed, and only with appropriate written documentation from authoritative source indicating why the student was unable to appear for an examination. Normally, only a doctor's certification of a severe medical problem will suffice. All examinations will be closed book.

**Awarding of Incompleteness:**

A grade of "INC" will be awarded only if a valid reason for missing the final exam is documented in writing within 48 hours after the final examination is given. The Policy of the
university is to be very strict in allowing Incompleteness. Doing poorly in the course is definitely not a sufficient reason for an incomplete.

**Conduct**

“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.” GSBM Catalog, pgs. 221-222.

**POLICY ON DISABILITIES**

Assistance for Students with Disabilities

“Students with disabilities, whether mental or physical, are encouraged to contact the Equal Opportunity Office before the academic year begins or soon after classes are in session. This office will assist each student by providing general information about campus facilities and available resources. The office will assist in providing reasonable accommodation to students with disabilities pursuant to applicable laws. Inquiries should be directed to equal opportunity officer, (310) 506-6500. (Students who wish to file a formal grievance should refer to the “Nondiscrimination Policy,” which is listed in the “Legal Notices” section of this catalog.)” GSBM Catalog, pg. 33.
Please note that there is reading assigned for the first class.

Tentative Course Schedule:

<table>
<thead>
<tr>
<th>Date</th>
<th>Macroeconomics 5/e, Mankiw, Chapters</th>
</tr>
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<tbody>
<tr>
<td>8/27</td>
<td>Chapter 1. The Science of Macroeconomics</td>
</tr>
<tr>
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<td>Chapter 2. The Data of Macroeconomics</td>
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<tr>
<td>9/3</td>
<td>Chapter 3. National Income: Where It Comes From and Where It Goes</td>
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<tr>
<td></td>
<td>Chapter 4. Money and Inflation</td>
</tr>
<tr>
<td>9/10</td>
<td>Chapter 5. The Open Economy</td>
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<td></td>
<td>Chapter 6. Unemployment</td>
</tr>
<tr>
<td>9/17</td>
<td>PART 3. GROWTH THEORY: THE ECONOMY IN THE VERY LONG RUN</td>
</tr>
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<td></td>
<td>Chapter 7. Economic Growth I</td>
</tr>
<tr>
<td>9/24</td>
<td>MID I,</td>
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<tr>
<td></td>
<td>PART 4. BUSINESS CYCLE THEORY: THE ECONOMY IN THE SHORT RUN</td>
</tr>
<tr>
<td></td>
<td>Chapter 9. Introduction to Economic Fluctuations</td>
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<tr>
<td>10/1</td>
<td>Chapter 10. Aggregate Demand I</td>
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<td>Chapter 11. Aggregate Demand II</td>
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<tr>
<td>10/8</td>
<td>Chapter 12. Aggregate Demand in the Open Economy</td>
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<tr>
<td>10/15</td>
<td>Chapter 13. Aggregate Supply</td>
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<tr>
<td>10/22</td>
<td>PART 5. MACROECONOMIC POLICY DEBATES Chapter 14. Stabilization Policy</td>
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<tr>
<td>10/29</td>
<td>MID II,</td>
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<td>Chapter 15. Government Debt</td>
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<tr>
<td>11/5</td>
<td>PART 6. MORE ON THE MICROECONOMICS BEHIND MACROECONOMICS</td>
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<td></td>
<td>Chapter 16. Consumption</td>
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<td>Chapter 17. Investment</td>
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<tr>
<td>11/12</td>
<td>Chapter 18. Money Supply and Money Demand</td>
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<tr>
<td>11/19</td>
<td>Chapter 19. Advances in Business Cycle Theory</td>
</tr>
<tr>
<td>11/26</td>
<td>Epilogue: What We Know, What We Don’t Review</td>
</tr>
<tr>
<td>11/3</td>
<td>Final</td>
</tr>
</tbody>
</table>
Personal Data Sheet

Please complete as well as you can (some questions may not apply to you) and hand in the first day of class. These sheets will help me understand your background, and they will assist me as I determine the breadth, depth, and pace that we cover the course concepts.

Name_________________________  Preferred First Name____________________

Phone___________________   E-mail ____________________________

What’s the best way to contact you (phone or e-mail) if needed___________

What do you consider your "home" country (or state)? _________________

Which colleges(s) did you graduate from? ____________________________

What was your major(s)?_________________________________________

Please indicate your highest level achieved in undergraduate economics: (intro or intermediate)

Microeconomics ?______________ Macro?_______________

Describe your work experience (occupation, years of experience):

How would you classify the industry you worked/work in?______________

Are you an MIB student? ___________  JD/MBA student?______________

If you know it, what will be your MBA concentration?_______________

Do you have a specific industry/occupation that you would like to pursue and/or do you have a job waiting for you when you complete the MBA? Please list:

List here anything else you would like me to know about your background or interests, or expectations for the course (continue on back if needed):