

Global and Macroeconomic Environment for Business

EMBA 708

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Text: *Macroeconomics: Understanding the Wealth of Nations* by David Miles and Andrew Scott, Wiley, 2002.

Office Hours: By appointment and MW 3:30-5:30

Evaluation: The course evaluation for each student involves three separate components. First, each student must write a memo briefly outlining the important points covered in each session's (i.e., sessions 1 to 6) reading assignment as well as identifying questions where additional discussion in class may prove productive. Second, each student will prepare answers to the take-home mid-term and final examinations. Finally, student groups shall prepare a briefing for the Board of Directors of a multinational corporation concerning the current economic situation in the home country, each group on a different country, and the U.S. as well as the outlook for those country's macroeconomies over the near term. The briefing will include a written document with executive summary and a 30-minute presentation to the rest of the class on March 29. While I prefer to maintain flexibility in the weights assigned to the components in the final course grade, I will weight the component parts as follows: 25%, memos on readings; 50%, take home exams; and 25%, group briefings.

Briefings: The briefings should contain the following basic format. First, the briefing should review the situation in the macroeconomies of the home country and the U.S. over the last 12 to 24 months. This review should discuss such macroeconomic variables such as real GDP growth, unemployment, inflation, interest rates, the trade balance, exchange rate movements, and so on. Second, the briefing should report the recent adjustments, if any, in fiscal and monetary policy stances. Third, the briefing should elaborate on expected future changes, if any, in fiscal and monetary policy stances. Finally, given expectations about fiscal and monetary policy stances and the current state of the macroeconomies, the briefing should offer an opinion about near-term future developments in the home and U.S. macroeconomies.

Course Outline

	Topics Covered	Assigned Readings
Session 1 February 15	Introduction to Macroeconomics Measuring GDP, Unemployment, Money, and Inflation Aggregate Demand, Aggregate Supply, and Equilibrium Overview of Course Balance of Payments <ul style="list-style-type: none"> • Current and Capital Accounts 	Chapters 1, 2, 3, 8, 12 (pp. 286-302 & 306-308), and 18 (pp. 472-479).
Session 2 February 28	Foreign Exchange Market <ul style="list-style-type: none"> • Fixed & Flexible Exchange Rates • PPP and the Long-Run • IRP and the Short-Run International Cash Management <ul style="list-style-type: none"> • Managing Exchange Rate Risk • Managing Interest Rate Risk 	Chapters 18, 19, 20, and Notes.
Session 3 March 1	Macroeconomic Equilibrium in the Short-Run <ul style="list-style-type: none"> • Aggregate Demand • Aggregate Supply • Equilibrium and Adjustment 	Chapters 15, 16, and 17.
Session 4 March 14	Macroeconomic Equilibrium in the Short-Run (continued) <ul style="list-style-type: none"> • Fiscal and Monetary Policy • Unemployment and Inflation Take-Home Mid-Term Exam	Chapters 15, 16, and 17.
Session 5 March 15	Macroeconomic Equilibrium in the Long-Run <ul style="list-style-type: none"> • Economic Growth • Convergence • Endogenous Growth 	Chapters 4, 5, 6, and 7.
Session 6 March 28	Saving and Investment Bond and Loanable Funds Market Long-Run Policy Analysis <ul style="list-style-type: none"> • Fiscal Policy and Crowding Out • Money Policy and Inflation 	Notes & Chapters 10, 11, and 12.
Session 7 March 29	Macroeconomic Policy Presentations Course Summary Take-Home Final Examination	