

**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

Evaluation: The course evaluation for each student involves three separate components. First, each student must write a memo that answers questions related to the assigned readings (i.e., sessions I to VI). Second, each student will prepare answers to the take-home mid-term (after Session IV) and final (after Session VI) 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 February 20. 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

	<b>Topics Covered</b>	<b>Assigned Readings</b>
<b>Session I</b>  <b>January 9</b>	Introduction to Macroeconomics Measuring GDP, Unemployment, Money, and Inflation Aggregate Demand, Aggregate Supply, and Equilibrium Balance of Payments <ul style="list-style-type: none"> <li>• Current and Capital Accounts</li> </ul> Foreign Exchange Market <ul style="list-style-type: none"> <li>• Fixed &amp; Flexible Exchange Rates</li> <li>• PPP and the Long-Run</li> <li>• IRP and the Short-Run</li> </ul>	Chapters 1, 2, 8, 12 (pp. 286-302 & 306-308), 18 (pp. 455-476 & 479-481), and 19 (pp. 487-493).
<b>Session II</b>  <b>January 10</b>	Overview of Course Foreign Exchange Market <ul style="list-style-type: none"> <li>• Fixed &amp; Flexible Exchange Rates</li> <li>• PPP and the Long-Run</li> <li>• IRP and the Short-Run</li> </ul> International Cash Management <ul style="list-style-type: none"> <li>• Managing Exchange Rate Risk</li> <li>• Managing Interest Rate Risk</li> </ul>	Chapters 3, 18, 19, 20, and Notes.
<b>Session III</b>  <b>January 23</b>	Macroeconomic Equilibrium in the Short-Run <ul style="list-style-type: none"> <li>• Aggregate Demand</li> <li>• Aggregate Supply</li> <li>• Equilibrium and Adjustment</li> </ul>	Chapters 15, 16, and 17.
<b>Session IV</b>  <b>January 24</b>	Macroeconomic Equilibrium in the Short-Run (continued) <ul style="list-style-type: none"> <li>• Fiscal and Monetary Policy</li> <li>• Unemployment and Inflation</li> </ul> <b>Take-Home Mid-Term Exam</b>	Chapters 15, 16, and 17.
<b>Session V</b>  <b>February 6</b>	Macroeconomic Equilibrium in the Long-Run <ul style="list-style-type: none"> <li>• Economic Growth</li> <li>• Convergence</li> <li>• Endogenous Growth</li> </ul>	Chapters 4, 5, 6, and 7.
<b>Session VI</b>  <b>February 7</b>	Saving and Investment Bond and Loanable Funds Market Long-Run Policy Analysis <ul style="list-style-type: none"> <li>• Fiscal Policy and Crowding Out</li> <li>• Money Policy and Inflation</li> </ul> <b>Take-Home Final Examination</b>	Notes & Chapters 10, 11, and 12.
<b>Session VII</b>  <b>February 20</b>	Macroeconomic Policy Presentations Monetary Policy as a Game (Bonus) Course Summary	