Course Objectives

This course provides an introduction to basic macroeconomic concepts and models that are relevant for managers. Recall from last semester that microeconomics analyzes how households and firms make decisions and interact within specific markets. In contrast, macroeconomics focuses on aggregate outcomes at the level of the national or international economy. Macroeconomics provides a powerful and coherent framework for monitoring and understanding the regional, national, and international forces that drive cycles and trends in the overall economic environment. Such forces can have important impacts on businesses and often play a crucial role in managerial decisions.

Economics clarifies the benefits and costs of choices and provides a general framework for effective decision-making. In particular, macroeconomic models generate important insights regarding fundamental business issues such as unemployment, inflation, interest rates, investment decisions, business cycles, long-term economic growth, and government policies to dampen cyclical fluctuations and promote growth. Finally, economics demonstrates how to approach real-world business problems in a structured and rigorous manner, and therefore this course can improve your ability to think analytically.

Leadership and this Course

The Texas MBA program is designed to develop influential business leaders. The MBA Program has identified four fundamental and broad pillars of leadership: knowledge and understanding, communication and collaboration, responsibility and integrity, and a worldview of business and society. In this course, you will enhance your knowledge and understanding of macroeconomics and how economic forces impact managerial decision-making. Through class discussion, study groups, a homework assignment, and a final examination, you will enhance your analytical, communication, and collaboration skills.

Course Materials

The textbook for this course is:


It is essential that you complete all of the assigned readings before each class meeting. The quality of the class discussion, as well as your own class participation score, will depend on whether you carefully digest these readings beforehand and come to class prepared to comment thoughtfully on them.

Course Requirements and Grading

Your grade for the course will be determined as follows:

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Class Participation</td>
<td>10%</td>
</tr>
<tr>
<td>Homework Assignment</td>
<td>20%</td>
</tr>
<tr>
<td>Final Exam</td>
<td>70%</td>
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<tr>
<td></td>
<td>100%</td>
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</tbody>
</table>
The final grade distribution for the course will correspond to that recommended by the MBA Policy Committee (except in unusual circumstances).

**Description of Requirements**

**Class Participation**

Students are expected to attend all class meetings and participate thoughtfully and constructively in class discussions.

**Homework Assignment**

Homework problems will be assigned, and these will be graded only for completeness, not for correctness. After the homework assignment is collected, I will post the answers on Canvas. The homework problems provide a good indication of the types of problems that you will encounter on exams.

Homework should be completed neatly and professionally. Handwritten answers are fine so long as everything is neat and legible. Please show all your work in deriving answers. The homework assignment can be done jointly with your study group, with a single set of answers handed in for each group that lists the names of all group members. Homework will be due at the **beginning** of class on the following class meeting.

Homework due: June 24-25

**Final Exam**

The final exam will be closed-note and closed-text. Further details about the structure and content of the exam will be provided in class. The exam will be given during the following class meeting.

Final exam: July 8-9

**McCombs Classroom Professionalism Policy**

The highest professional standards are expected of all members of the McCombs community. The collective class reputation and the value of the Texas MBA experience hinges on this.

Faculty are expected to be professional and prepared to deliver value for each and every class session. Students are expected to be professional in all respects.

The Texas MBA classroom experience is enhanced when:

- **Students arrive on time.** On time arrival ensures that classes are able to start and finish at the scheduled time. On time arrival shows respect for both fellow students and faculty and it enhances learning by reducing avoidable distractions.
- **Students display their name cards.** This permits fellow students and faculty to learn names, enhancing opportunities for community building and evaluation of in-class contributions.
- **Students minimize unscheduled personal breaks.** The learning environment improves when disruptions are limited.
- **Students are fully prepared for each class.** Much of the learning in the Texas MBA program takes place during classroom discussions. When students are not prepared they cannot contribute to the overall learning process. This affects not only the individual, but their peers who count on them, as well.
- **Students attend the class section to which they are registered.** Learning is enhanced when class sizes are optimized. Limits are set to ensure a quality experience. When section hopping takes place some classes become too large and it becomes difficult to contribute. When they are too small, the breadth of experience and opinion suffers.
- **Students respect the views and opinions of their colleagues.** Disagreement and debate are encouraged. Intolerance for the views of others is unacceptable.
- **Laptops are closed and put away.** When students are surfing the web, responding to e-mail, instant messaging each other, and otherwise not devoting their full attention to the topic at hand they are doing themselves and their peers a major disservice. Those around them face additional distraction. Fellow students cannot benefit from the insights of the students who are not engaged. Faculty office hours are spent going over class material with students who chose not to pay attention, rather than truly adding value by
helping students who want a better understanding of the material or want to explore the issues in more depth. Students with real needs may not be able to obtain adequate help if faculty time is spent repeating what was said in class. There are often cases where learning is enhanced by the use of laptops in class. Faculty will let you know when it is appropriate to use them. In such cases, professional behavior is exhibited when misuse does not take place.

- **Phones and wireless devices are turned off.** We’ve all heard the annoying ringing in the middle of a meeting. Not only is it not professional, it cuts off the flow of discussion when the search for the offender begins. When a true need to communicate with someone outside of class exists (e.g., for some medical need) please inform the professor prior to class.

**Academic Dishonesty**

There is no tolerance for acts of academic dishonesty in this class. Such acts damage the reputation of the school and the degree and demean the honest efforts of the majority of students. The **minimum** penalty for an act of academic dishonesty will be a zero for that assignment or exam. The responsibilities for both students and faculty with regard to the Code of Ethics are described at:

https://my.mccombs.utexas.edu/BBA/Code-of-Ethics

As specific guidance for this course, you should consider the **writing** of all examinations to be an individual effort without any use of books, notes, or other unpermitted aids. Do not consult your classmates during the completion of an exam. Group **preparation** for examinations is acceptable and encouraged. Take care not to plagiarize the work of others when writing your paper.
## Class Schedule and Readings

**Textbook**  

<table>
<thead>
<tr>
<th>Dates</th>
<th>Topics/Deliverables</th>
<th>Assigned Materials</th>
</tr>
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</table>
| June   | **Introduction**  
| 10-11  | National Income  
|        | Cost of Living  
|        | Production and Growth  
|        | Saving and Investment  
|        | Unemployment                                                                 | M Chapters:  
|        | 2 *(read only pp. 27-33)*,  
|        | 10,  
|        | 11,  
|        | 12,  
|        | 13, and  
|        | 15 *(skip Sections 15-4 and 15-5)*.  
|        | Podcast: Freakonomics Radio, “The Health of Nations” *(listen to after this class weekend)*.  
|        | Podcast: Freakonomics Radio, “Yes, the American Economy Is in a Funk—But Not for the Reasons You Think” *(listen to after this class weekend)*.  
|        | Podcast: Freakonomics Radio, “Is America Ready for a ‘No-Lose Lottery’?” *(listen to after this class weekend)*.  
|        | Podcast: Freakonomics Radio, “The ‘No-Lose Lottery,’ Part 2” *(listen to after this class weekend)*.  |
|        | **Homework Due**  
|        | Monetary System  
|        | Money Growth and Inflation  
|        | AD-AS Model  
|        | Monetary and Fiscal Policy  
|        | Inflation and Unemployment  
|        | Macro Policy Debates                                                                 | M Chapters:  
|        | 16,  
|        | 17,  
|        | 20,  
|        | 21,  
|        | 22, and  
|        | 23.  
|        | Podcast: Freakonomics Radio, "Why Everybody Who Doesn’t Hate Bitcoin Loves It" *(listen to after this class weekend)*.  
|        | Podcast: Freakonomics Radio, “What Can Vampires Teach Us About Economics?” *(listen to after this class weekend)*, especially the first part about the macroeconomic impact of a “Zombie Apocalypse”.  
|        | Podcast: Planet Money, Episode 664, “The Great Inflation,” *(listen to after this class weekend)*.  
|        | Podcast: Freakonomics Radio, “Ben Bernanke Gives Himself a Grade” *(listen to after this class weekend)*.  |
| July   | **Final Exam**                                                                   | **Final Exam**                                                                    |
| 8-9    |                                                                                   |                                                                                   |
