

EMBA Program
Fall 2020
MGMT914 – Economics

Instructor: Ata Can Bertay
Office: SBS 1169
Phone: (216) 483-9723
Fax: (216) 483-9699
E-mail: ata.bertay@sabanciuniv.edu
Web: SuCourse
Office Hours: By appointment.

Course Objective:

This course is designed to provide students with the essential background and tools for managers and executives in macroeconomics. It will introduce students to the principles of macroeconomics and covers various topics in macroeconomics through real world policy relevant applications.

Learning Outcomes:

Upon successful completion of the course, the student should be able to:

1. Describe the primary issues addressed in macroeconomics.
2. Differentiate among the three approaches to national income accounting and explain how GDP is measured.
3. Identify factors that affect labor market equilibrium and goods market equilibrium.
4. Explain how balance of payments is calculated.
5. Discuss the sources of economic growth and the fundamentals of growth accounting.
6. Discuss the fundamentals of asset market equilibrium and the relationship between money and prices.
7. Explain the IS-LM/AD-AS Model.
8. Use aggregate demand and aggregate supply to describe the impact on business cycles of various shocks.

Course Material:

Abel, A. B., Bernanke, B., & Croushore, D. (2020). 10th Global Edition). *Macroeconomics*. Pearson Higher Ed. Abbreviated as [ABC]

Lipschitz, L., & Schadler, S. (2019). *Macroeconomics for Professionals: A Guide for Analysts and Those Who Need to Understand Them*. Cambridge University Press. [LS]

List of Cases and Simulations

Sabancı University has subscription to the Harvard Business Publishing Cases. Students can download the following cases free of charge from the HBP website (details will be shared later).

Case 1	Date: October 30/31
	Case: Brazilian Stagflation
	Type: Case study
	Subject: Alexandre Tombini, the governor of the Central Bank of Brazil, faced a difficult situation in July 2015. Inflation was in the double digits, well above the target rate of 4.5%, and unemployment had increased from around 4.5% a year prior to nearly 8%. Any actions Tombini took to control inflation would most likely exacerbate unemployment, at least in the short run. To further complicate matters, Tombini's office was not independent of the executive branch of Brazil's government, and Tombini faced the possibility that any of his actions that were not aligned with the priorities of the current administration could cost him his job. This case follows classes on fiscal and monetary policy in normal times and is the first class in a sequence on macroeconomic challenges—in this case, stagflation—high inflation and high unemployment. Students are pushed to consider why macroeconomic stabilization involves such acute and unpleasant tradeoffs during episodes of high inflation and unemployment. Students use the IS/LM AD/AS model as a reference.
	Teamwork?: No
	Grading: Individual

Case 2	Date: November 7
	Case: South Africa in 2013
	Type: Case study
	Subject: The South African authorities are keen to develop an ongoing relationship with an independent consulting team on economic developments and policies. In effect they want a group of knowledgeable outsiders that will be on call for frank and discreet discussion of economic policy options, and how policies in the short run should be aligned with the longer-run goals of improving growth and employment and alleviating poverty. The team would have to have an understanding of both the South African economy—its economic imperatives and the constraints imposed by its particular political and social circumstances—and the global economic context.
	Teamwork?: Yes
	Teamwork?: Team
	Grading:

Case 3	Date: November 13/14
	Case: Macroeconomics Simulation: Econland
	Type: Simulation
	Subject: The simulation brings economic policy-making to life by allowing students to understand the economic environment of a fictional country, make monetary and fiscal policy decisions, and analyze the results of their decision making through a seven-year business cycle.
	Teamwork?: Yes
	Grading: Team

Optional Reading Material:

Moss, D. A. (2014, 2nd Edition). *A concise guide to macroeconomics: what managers, executives, and students need to know*. Harvard Business Press.

The Wall Street Journal, Bloomberg Businessweek, The Economist, Financial Times.

Course Web:

SuCourse will be actively used throughout the semester. Students should check their accounts frequently to ensure that they have the most recent course materials. Course announcements, assignments, case questions, etc. will be posted on SuCourse.

Instructional Design:

The course will include lectures to introduce relevant concepts and to discuss the course material. **Students are expected to arrive to the class prepared for that day's content (i.e. the relevant ABC Chapters), which will be tested through quizzes (after covering the material).** Student participation will be ensured by case studies and discussions.

Grading:

In-class participation	: 10%
Case studies	: 40%
Quizzes	: 20%
Final Exam	: 30%

All exams will be open book/notes and may consist of a combination of multiple choice questions, problems and short essays. Participation grade is determined based on the in-class case study and other discussions.

Requirements:

Lectures & Attendance

Students are expected to attend all lectures and participate in discussions. Participation to in-class discussions constitutes 10% of the overall grade.. Lectures start on time.

Case Study Participation

Students are expected to get prepared for case studies (read papers/notes and/or provide answers to case study questions). If they participate in these case study classes, they will receive participation grade -as long as the participation is relevant to the discussion. That is, students should not just get air time in class but actual contribution to the learning in the classroom is important in the participation grade (individual grading).

Quiz

There will be 4 quizzes. There are no make-ups or replacements for quizzes.

Make-up Exams

There are no make-up exams unless a situation arises which was not foreseeable and which was not under the control of the student. Requests for make-ups must be made directly to me as soon as possible and must be accompanied by relevant documentation (e.g., official doctor's report from the campus health center in case of health problems, a letter from your advisor in case of a family emergency).

Quiz policy: no makeup exams are offered.

Final exam policy: you will be required to take a make-up exam two to three days after the final exam date.

Grading

Students should write up their objections and submit them to me no later than a week after receiving their graded work. This document should clearly explain the basis of objection. Except for minor grading errors, no verbal objection is accepted.

Special needs students

Any student who, because of a disability, requires some special arrangements in order to meet course requirements should contact me as soon as possible to make the necessary accommodations.

Updates

Changes or additions to any of the policies above, if any, will be announced on the course website.

Academic Honesty:

Learning is enhanced through cooperation and as such you are encouraged to work in groups, ask for and give help freely in all appropriate settings. At the same time, as a matter of personal integrity, you should only represent your own work as yours. Any work that is submitted to be evaluated in this class should be an original piece of writing, presenting your ideas in your own words. Everything you borrow from books, articles, or web sites

(including those in the syllabus) should be properly cited. Although you are encouraged to discuss your ideas with others (including your friends in the class), it is important that you do not share your writing (slides, MS Excel files, reports, etc.) with anyone. Using ideas, text and other intellectual property developed by someone else while claiming it is your original work is *plagiarism*. Copying from others or providing answers or information, written or oral, to others is *cheating*. Unauthorized help from another person or having someone else write one's paper or assignment is *collusion*. Cheating, plagiarism and collusion are serious offenses that could result in an F grade and disciplinary action. Please pay utmost attention to avoid such accusations.

Classroom policies and conduct

Sabancı EMBA Program values participatory learning. Establishing the necessary social order for a participatory learning environment requires that we all:

- Come prepared to make helpful comments and ask questions that facilitate your own understanding and that of your classmates. This requires that you complete the assigned readings for each session before class starts.
- Listen to the person who has the floor.
- Come to class on time.

Course Schedule:

Session 1	Date: 23/24 October 2020
	Topic: ABC Chapter 1, 2, 3; LS Chapter 1
	Requirements: HBS Note: A Brief Introduction to Macroeconomics
Session 2	Date: 24 October 2020
	Topic: ABC Chapter 4, 7, 9
	Requirements: HBS Note: The IS/LM Model
Session 3	Date: 30/31 October 2020
	Topic: Brazilian Stagflation Case Study
	Requirements: HBS Note: Aggregate Demand and Aggregate Supply
Session 4	Date: 6/7 November 2020
	Topic: Topics in Macroeconomics (LS selected chapters)
	Requirements:
Session 5	Date: 7 November 2020
	Topic: South Africa in 2013 Case Study
	Requirements: Prepare for the team case study
Session 6	Date: 13/14 November 2020
	Topic: Group simulation
	Requirements: Prepare for the group simulation
Session 7	Date: 21 November 2020
	Topic: Final Exam
	Requirements: