

As of
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Economics 201a
**Business Decisions and Policy Choices in the
GLOBAL ECONOMIC ENVIRONMENT**
Fall 2012

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Class meeting times: Section 1: 2:00-5:00 Monday
Section 2: 12:30-3:30 Tuesday

Office hours: Tuesday 3:30-5:00, if my door is open, and by appointment

Course description:

This course gives an overview of how business decision-makers and policy-making institutions interact to affect economic growth in the global marketplace. It develops economic concepts using readings, problem sets, and mini-lectures in the context of specific Cases. It develops professional skills using Case discussion in class, as well as memo-writing and debate presentations.

Learning goals:

- Intellectual development: Global Economic Environment uses specific Case examples to introduce incoming students to core economic concepts. You will learn the following concepts and tools that you can apply to future Cases and in other classes:
 - Economic policies in the global context:
 - fiscal policy, spending multipliers, fiscal deficit, and economic growth;
 - monetary policy, banks and the money multiplier, inflation and growth;
 - macroeconomic measurement of GDP, trade, and the balance of payments;
 - Exchange rates, trade, FDI, and economic growth:
 - comparative advantage; gains, losses, and resource reallocation from trade
 - exchange rates, trade flows, and resource allocation;
 - foreign direct investment, domestic development and growth;
 - Financial and currency crises:
 - Financial regulation, banks, and the macroeconomy;
 - International financial flows, debt, and exchange rates
 - International capital flows, trade flows, and the balance of payments
- Professional development: The Global Economic Environment course introduces incoming students to core professional skills. You will practice these skills and apply them in most of your other classes:
 - the case study method, oral discussion, and teamwork
 - data analysis
 - chart preparation and presentation
 - business-brief style memos

Class Structure

We will cover the three topic areas described in the learning goals, and then apply the material learned to several country case studies for a fourth section of the course.

The first 80 minutes of class will take the following structure:

- (1) RoadMap -- What is the objective of the Case, and what economic framework/concepts will be learned. (5 mins)
- (2) Vote -- There is usually some question about policy choices or business decisions that students will vote on at the beginning of the class. (5 mins)
- (3) Mini-lecture on key economic concepts -- Review economic concepts needed to analyze the Case. This usually takes 15 mins.
- (4) Role play to discuss the Case -- Each Case will have four points of view; each quadrant of the room represents one of these points of view. Students will have 15 mins to discuss with each other in their quadrant. The final 40 minutes is devoted to analyzing the Case from the various points-of-view.

The second 80 mins of the class is devoted to skill sessions at the beginning of the semester and debate presentations in the rest of the semester.

Preparatory Materials

- Case Material:
Cases from Harvard Business School Publication Website electronically downloaded (see instructions on LATTE). With the exception of the Case for the second class (which will be handed out in class #1), you are responsible for obtaining the materials prior to each class.
It is a violation of copyright, and therefore a violation of Brandeis academic ethics to download and copy for multiple users material that is copyrighted.
- Economics Background Material:
 - Textbook material relevant for each class is on-line via Aplia
 - Specific concepts to be covered in mini-lecture in class are PowerPoint slides on LATTE
- Debate Material
 - Debate statements and schedule will be available after the first couple of classes.
 - Preparatory material for the debates will be made available on LATTE
 - **Debate teams must go beyond the material available on LATTE.**
 - Regular reading of *The Economist* and *The Financial Times* (or equivalents) is suggested.

Teams:

Key learning goals of this course include developing the professional skills of working in teams, and of oral and slide presentation. You will form teams of 5 at the beginning of the semester. Each team will prepare two debates—one early in the semester, and one later in the semester (details below). *All group members must participate in the oral part of the debate.* Groups must have gender and nationality diversity, as would a professional team. You should keep a log of who did what on the debate assignment so that you can respond appropriately in the 360-degree evaluation exercise at the end of the semester.

Grading: Course grades will be determined according to the following schedule:

1. Class participation	= 10%
2. 2-page memos (4 total; 1 team, 3 individual)	= 40 %
3. Problem Sets (5 total ; drop lowest score)	= 25%
4. Debates (2 team)	= 25%
5. 360-evaluation	required
6. Attendance –	mandatory

Case preparation and Class participation:

This is a Case-based class, and depends on strong participation by students. Attendance in class is absolutely required and class participation is extremely important.

- *Evaluating participation.* Your Teaching Assistant will be seated in each class to take attendance and to record class participation. The TA and I will evaluate class participation. If you do not come to class, or come late or leave early, there will be a deduction. If you attend the entire class, but *regularly* say nothing, there will be a deduction. *Excessive* participation also will be downgraded. **The objective is to develop the skills of professional meeting etiquette, persuasive commentary, and progressive content.**

The ‘Case Prep memo’ (unique to each Case and available on LATTE a week before each class) should guide your Case preparation. Each Case will be developed through role-play. Your role (and therefore what to focus on in the Case) will be revealed in the Case Prep memo. The exhibits (data) at the end of the Case are as important, if not more important, than the words in the text of the Case. **10% of your grade depends on class participation.**

- *How does role play work?* Generally, the overall case will be developed through role-play, and 10-15 minutes will be devoted to discussing, in your group (which is based on quadrant location in the classroom) how to apply the data in the case to your role.

2-page ‘business-brief’ memos:

There are four 2-page memos during the term. These memos teach the skills of persuasive writing using a business-brief format. Memos should be two pages maximum (750-1000 words) ‘bullet-point’ style and with section headers that convey information. The clarity of the presentation of the issue, the quality of the logic of argument, and how these relate to the course of action advocated by the memo determine the grade. We will have a skills workshop class on 2-page memo writing. **2-page memos are worth 40% of your grade.**

- Memo #1 will be done in teams of 2 from specific set of Cases
- Memos #2 and #3 are individual work, chosen from a specific set of Cases.
- Memo #4 individual work, is based on one of your debates.

Problem Sets:

There are five short problem sets on economic concepts developed in the respective section to which the problem set is assigned. The lowest score problem set will be dropped from your grade average. **Problem sets are worth 25% of your grade.**

Debates:

We will have a series of 10 debates (each team does two debates) on current topics in macroeconomics and international economics. These debates are very important both for applying the economics frameworks developed in class, and also for professional skill development. We will have a skills workshop class on debates and how to prepare and present slides and charts. **Debates account for 25% of your grade.**

Academic Integrity:

The University has requested that course syllabi include the following passages:

“Academic integrity is central to the mission of educational excellence at Brandeis University. Each student is expected to turn in work completed independently, except when assignments specifically authorize collaborative effort. It is not acceptable to use the words or ideas of another person ... without proper acknowledgement of the source. This means that you must use footnotes and quotation marks to indicate the source of any phrases, sentences, paragraphs or ideas found in published volumes, on the internet or created by another student.”

“Violations of University policies on academic integrity, described in Section Three of the *Rights and Responsibilities*, may result in failure in the course or on the assignment, or in suspension from the University. If you are in doubt about the instructions for any assignment in this course, it is your responsibility to ask for clarification.¹”

Disabilities:

If you are a student with a documented disability on record at Brandeis University and wish to have a reasonable accommodation made for you in this class, please see me immediately.

¹ Shawn McGuirk, Kara Curcio, and Carrie Klugman, “Information for your Syllabi,” Memorandum to Faculty, Department of Student Development and Conduct, Brandeis University, August 1, 2004.

How to Prepare for Class and the 'Case Prep Memo'

Before each class, read the Case Prep Memo on LATTE. This memo will help guide your Case preparation, including which economics concepts are important and what role you will play in the Case.

Then prepare the Case.

1. Read the text quickly to get an overview of the Case.
2. Read the economics preparatory material on APLIA, and/or look at the Power Point material on LATTE to get an idea of what economics concepts will be the centerpiece of the case—the Case Prep Memo will give you guidance as well.
3. Read the Case a second time, and examine the exhibits in light of your role. Be sure to consider whether the arguments made in the text match the evidence and data in the exhibits—sometimes they do not.

Each Case is designed to illustrate a situation for which one (or more) tools of economic analysis is appropriate. The objective is to learn the tool and how to apply the tool to the Case, as well as to situations beyond the specific example of the Case. At the end of the semester, you will have an 'economics toolbox' that you can apply to new situations.

Be prepared to 'vote' for a policy strategy or business decision—this is often how we will start the class.

Class 2 Case Prep Memo: German Hyperinflation

	# 2	German Hyperinflation Note on Money and Monetary Policy	Handed out in class 1 797-094 (4p)
<i>Econ concepts</i>		<i>Monetary policy; banks and money multiplier. Money and inflation. Money and exchange rates. Velocity of money</i>	APLIA:KW 30 APLIA:KW 24 (inflation section) LATTE slides on Monetary Policy

As Germany lost World War I, the empire of William II gave way to the democratic Weimar Republic. This case deals with the political and economic developments of this Republic until 1923 and pays particular attention to the almost unbelievable inflation that shook Germany during this period. The case is composed of readings that are threaded together both to recite the main events of the period and to give the interpretations of these events that were advanced by key figures of the day.

1. Economic frameworks to help analyze the case
 - $MV=PY$ (the relationship between money growth, velocity, prices (inflation), and output)
 - Commercial banks and the 'money multiplier'
 - Central bank-fiscal authority linkages through monetizing sovereign debt

2. Who is responsible for the German hyperinflation? (Role Play):
 - The central bank (for printing too much money)? Quadrant Lower Left
 - The fiscal authority (for running big deficits)? Quadrant Lower Right
 - The foreign creditors (for demanding too much)? Quadrant Upper Left
 - Politicians and business (for spending too much, negotiating too poorly, not hiring, only trading) Quadrant Upper right

3. What were the consequences of the German hyperinflation?

Relevance for today:

These days in the U.S. some are concerned about inflation, and others about deflation.

- First, what is deflation and why is it a problem?
- Second, what is 'quantitative easing' by a central bank.
- Third, how can it be that some are concerned about inflation and others about deflation—at the same time?