

University of Pennsylvania
The Wharton School

Finance 101: Monetary Economics & the Global Economy Syllabus

Professor Martin Boileau
Spring 2008

Course Description

Finance 101 is an intermediate-level course in macroeconomics. The main goal of the course is to provide a coherent framework for analyzing macroeconomic events (e.g. business cycle, economic growth) and macroeconomic policies. Particular attention is given to the interactions between the macroeconomy and financial markets, and to topics related to the global economy.

The course is comprised of three major parts. The first part develops separately the foundations for the labor, capital, and goods markets. The second part of the course presents a framework where these three foundational markets interact. The framework will be used to study the behavior of macroeconomic aggregates in “general equilibrium,” and to study the effects of macroeconomic policies on this behavior. The third part of the class is devoted to international macroeconomics and macroeconomic policy.

Course Material

Textbook:

The required text is Macroeconomics by [ABC] Andrew Abel, Ben Bernanke, and Dean Croushore (Addison-Wesley, 6th edition, 2008). It is available for purchase at the Penn Bookstore. Although not required, the Study Guide that accompanies the textbook is a useful aid!

Other Material:

All other course material (lecture notes, problem sets, etc...) will be made available on webCafe.

Grading

The course grade is based on the following components: Examinations (75%), International Analysis Project (10%), and Problem Sets (15%). Course letter grades will follow the standard distribution for this course.

Examinations:

There will be two midterm examinations and a final examination. The midterms are scheduled provisionally for the evenings of 14 February 2008 and 27 March 2008 from 6pm to 8pm. The final is cumulative and will be given during the final examination period as set by the registrar.

The examination grades are organized as follows. Each midterm is worth one grade and the final is worth two grades. Your “examination grade” will be based on the best three out of these four grades: the lowest (demeaned) grade is dropped. This scheme provides you with insurance against scheduling conflicts (unable to attend a midterm) and anomalous performance (a bad day). As a result, no requests to reschedule or retake a midterm will be entertained unless specifically mandated by university policy. If you miss one midterm for any reason whatsoever, you can simply use your insurance policy and drop that exam.

All examinations are closed book.

Regrade requests must be submitted using the official regrade form. Requests must be submitted within a week from the date the examination is returned (whether or not you actually pick up your midterm on that date). I retain the right to regrade the entire examination, and you may not alter your examination.

International Analysis Project:

This is a group assignment designed to promote team work. Each group will give an in-class presentation applying the course material to analyze the macroeconomic situation of a foreign country. Specific details on the project will be given later.

Problem Sets:

There will be a few graded problem sets. These will not be accepted late and no regrade requests will be entertained. There also will be assigned (ungraded) exercises from the textbook.

Academic Integrity

All relevant University policies regarding Academic Integrity must be followed strictly. This includes no cheating, no plagiarism, and reporting any knowledge thereof. **This will be strictly enforced.** Please consult the Code of Academic Integrity: <http://www.vpul.upenn.edu/osl/acadint.html>

Office Hours

My office hours are Thursday from 3:15pm to 5:15pm. TA office hours will be announced in class. My contact information is:

- Email: boileau@wharton.upenn.edu
- Office: 2432 SH-DH
- Phone: 215-898-1697

Preliminary Outline

This outline is subject to changes.

1. Introduction:

1. Macroeconomics and the Global Economy: ABC Ch. 1
2. Measurement of the National Economy: ABC Ch. 2, Ch. 8.1-8.3

2. The Central Economic Markets

1. Productivity, Output, and Employment: ABC Ch. 3
2. Consumption and Saving: ABC Ch. 4.1, Appendix 4.A
3. Investment: ABC Ch. 4.2 and 4.3
4. Saving and Investment in the Open Economy: ABC Ch. 5
5. The Asset Market, Money, and Prices: ABC Ch. 7

3. The Aggregate Economy

1. A General Framework: ABC Ch. 9
2. The Classical Model: ABC Ch. 10
3. The Keynesian Model: ABC Ch. 11
4. Unemployment and Inflation: ABC Ch. 12
5. Economic Growth: ABC Ch. 6

4. International Macroeconomics and Macroeconomic Policies

1. Exchange Rates: ABC Ch.13
2. Monetary Policy: ABC Ch. 14
3. Fiscal Policy: ABC Ch 15