

FINANCE 613
Macroeconomics and the Global Economic Environment
Fall 2012

Professor Joao F. Gomes

DESCRIPTION

Finance 613 is a course in macroeconomic analysis and policy in the context of globally integrated economies.

Its purpose is to train students to think systematically about the current state of the economy and macroeconomic policy, and to be able to evaluate the economic environment within which business and financial decisions are made. The course emphasizes the use of economic theory to understand the workings of financial markets and the operation and impact of government policies. Specifically, we study the determinants of the level of national income, employment, investment, interest rates, the supply of money, inflation, exchange rates, and the formulation and operation of stabilization policies. The exact structure of the class and topic coverage will be linked to the current economic issues around the world.

COURSE MATERIALS AND INFORMATION

Course Site

Our Canvas site will contain all lecture notes and other additional readings, useful links, and general course information. This is also a useful hub to start and participate in course-related discussions. The site is linked to <http://spike.wharton.upenn.edu/courses/>. If you need a Wharton account you can apply online at <http://accounts.wharton.upenn.edu>.

Textbook

The recommended textbook for this course is *Macroeconomics*, 7th edition, by Abel, Bernanke and Croushore. Although this is an excellent text in macroeconomic theory, our classroom discussions and notes are often expanded to cover many more applied topics and current events around the world.

Additional Readings

The Wall Street Journal, the *Financial Times*, and the *Economist* are all world-class publications that offer many insightful discussions about the global economy. You are encouraged to subscribe to at least one of them. Selected articles from these or other business newspapers or economic research centers around the world may be added to the list of required readings during the term.

Problem Sets

Students are encouraged to work out the answers to the numerical problems at the end of each chapter and to go through the formal exercise of writing the answers. Recommended problems and their answers are available on Canvas.

GRADES

Composition

The final grade breakdown for this course is as follows:

- Quizzes 20%
- Class Participation 10%
- Midterm Exam (October 29: in class) 30%
- Final Exam (December 12: 3-5PM) 40%

The quizzes are available on Canvas. Due dates are indicated later in this syllabus.

You can bring one double-sided sheet for the exam with notes and one calculator.
The final exam is comprehensive.

Scheduling Conflicts

Conflicts should be resolved according to the MBA Resource Guide. Specifically:

- If you find yourself with a conflict due to your career search or recruiting activity, you should work with the MBA Career Management Office to find a resolution
- ***You should never approach your instructors with requests to reschedule exams or to make special accommodations***

Exam Review

Any requests for a review of an exam must be submitted in writing within 7 days from the date that exams are made available and must be accompanied by the *Statement of Honesty in Regrade Request* form posted on Canvas.

CONTACT

Office Hours

My office hours are on Monday between 14:30 and 15:30
TA office hours will be announced during the first week of classes.

Contact Information

Steinberg Hall-Dietrich Hall 2329
Email: gomesj@wharton.upenn.edu
Phone: 215-898-3666.

SCHEDULE

| Date | Topic | Readings | Due |
|-------------|--|--------------------------------|------------|
| Sep 5 | Background | Ch. 1 | |
| Sep 10 | Measuring Macroeconomic Performance: Income | Sec. 2.1-2.3 | |
| Sep 12 | Measuring Macroeconomic Performance: Prices | Sec. 2.4 | |
| Sep 17 | Long Run Development: Productivity and Savings | Sec. 3.1, 6.1 | Quiz 1 |
| Sep 19 | Long Run Development: Policy and Demographics | Sec. 6.2-6.3 | |
| Sep 24 | Household Consumption and Savings | Sec. 4.1, 4.A*, 2.5 | Quiz 2 |
| Sep 26 | Business Investment | Sec. 4.2 | |
| Oct 1 | Budget Deficits and Interest Rates | Sec. 15.1, 4.3 | Quiz 3 |
| Oct 3 | International Trade and Finance | Sec. 5.1 | |
| Oct 8 | Sources of Trade Deficits | Sec. 5.2-5.5 | |
| Oct 10 | Money and Inflation | Sec. 7.1-7.3, 7.5 | Quiz 4 |
| Oct 15 | Money and Financial Markets | Sec. 7.4 | |
| Oct 29 | MIDTERM (in class) | | |
| Oct 31 | The Fiscal Outlook | Long Term Budget Outlook (CBO) | |
| Nov 5 | The Labor Market | Sec. 3.2-3.4 | |
| Nov 7 | Labor Frictions and Unemployment | Sec. 3.5-3.6, 11.1 | |
| Nov 12 | Business Cycles Facts | Sec. 8.1-8.3 | Quiz 5 |
| Nov 14 | General Macroeconomic Equilibrium | Sec. 9.1-9.3 | |
| Nov 19 | Understanding Business Cycles | Sec 9.4-9.5, 9.6* | |
| Nov 26 | Monetary Policy and Institutions | Ch. 14 | |
| Nov 28 | Macroeconomics in an Open Economy | Sec. 13.1-13.4 | Quiz 6 |
| Dec 3 | Fixed Exchange Rates | Sec. 13.5 | |
| Dec 5 | World Economic Outlook | World Economic Outlook (IMF) | Quiz 7 |
| Dec 12 | FINAL EXAM | | |

*Denotes technical sections recommend only to the more curious students

All Quizzes are on Canvas. They are all due by 9AM of the date indicated.