

FINANCE 613

Macroeconomics and the Global Economic Environment

Fall 2013

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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.

MATERIALS AND INFORMATION

Canvas 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

There are several good textbooks covering the core theoretical concepts in macroeconomics at an intermediate level. The best, which I recommend, is *Macroeconomics*, 8th edition, by Abel, Bernanke and Croushore. Although this is an excellent text in macroeconomic theory, our classroom discussions and notes often cover more applied topics and are guided by 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 one of them or find an alternative source of similar quality. Occasionally we may use articles from these or other business newspapers and economic research centers around the world 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 30%
- Class Participation 20%
- Final Exam – Dec 19 at 3PM 50%

The quizzes are available on Canvas. Due dates are indicated later in this syllabus. Attendance is not formally required but it is hard to participate without being present.

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.

Office Hours

TA office hours will be announced during the first week of classes.

If you wish to meet with me please email at gomesj@wharton.upenn.edu to schedule an appointment. My office is Steinberg Hall-Dietrich Hall 2329.

TENTATIVE SCHEDULE

Date	Topic	Readings	Due
Aug 27	Background: World Economy Today	Ch. 1	
Aug 29	Measuring Macroeconomic Performance: Income	Sec. 2.1-2.3	
Sep 3	Measuring Macroeconomic Performance: Prices	Sec. 2.4	
Sep 5	An Overview of the Core Macroeconomic Model	3.1	Quiz 1
Sep 10	Household Consumption and Savings	Sec. 4.1, 4.A	
Sep 12	Corporate Investment	Sec. 4.2, 2.5	Quiz 2
Sep 17	Budget Deficits and Interest Rates	Sec. 15.1, 4.3	
Sep 19	The Fiscal Outlook	The Budget Outlook (CBO)	Quiz 3
Sep 24	International Trade and Finance	Sec. 5.1	
Sep 26	Sources of Trade Deficits	Sec. 5.2-5.5	
Oct 1	Money and Inflation	Sec. 7.1-7.3, 7.5	Quiz 4
Oct 3	Money and Financial Markets	Sec. 7.4	
Oct 22	The Labor Market	Sec. 3.1-3.4	Quiz 5
Oct 24	Labor Frictions and Unemployment	Sec. 3.5-3.6, 11.1	
Oct 29	A Brief History of Economic Cycles	Sec. 8.2-8.3	Quiz 6
Oct 31	General Macroeconomic Equilibrium	Sec. 9.1-9.3	
Nov 5	Understanding Business Cycles	Sec 8.1, 9.4-9.5, 9.6*	Quiz 7
Nov 7	Monetary Policy and Institutions	Ch. 14	
Nov 12	Macroeconomics in an Open Economy	Sec. 13.1-13.4	Quiz 8
Nov 14	Fixed Exchange Rates	Sec. 13.5	
Nov 19	Long Run Growth: Productivity and Savings	Sec. 3.1, 6.1	Quiz 9
Nov 21	Long Run Growth: Policy and Demographics	Sec. 6.2-6.3	
Dec 3	World Economic Outlook	World Economic Outlook (IMF)	
Dec 5	Final Exam Review	-	Quiz 10
Dec 19	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.