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FINANCE 101 - MONETARY ECONOMICS AND THE GLOBAL ECONOMY  
PROF. PRICILA MAZIERO

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Class Website: [Canvas](#)  
Office Hours: Thursday,  
10:30-11:30

### Course Description

Finance 101 is an intermediate-level course in macroeconomics, with a particular emphasis on monetary and international aspects. The goal of the course is to provide a coherent framework for analyzing macroeconomic events (e.g. recessions) and macroeconomic policy, and thereby better understand the environment in which firms, households, governments and financial intermediaries operate. Throughout the course, the analysis is applied to current events, both in the US and abroad.

The course is structured into three parts: measurement, micro-foundations, and general equilibrium analysis. The first part discusses how economists gauge the performance of the economy as a whole, with an additional emphasis on economic indicators that are useful in the real time analysis of the impact of macroeconomic events/news on the financial markets. The second part discusses the structure of the national economy by focusing on three major sectors and relating their decisions (studied in isolation) to the circular flows of income and expenditures in the aggregate economy. Finally, the last part combines the material discussed in parts one and two to analyze the general equilibrium of the economy as a whole, emphasizing the connections between the key sectors discussed in part one and two and relating them to the economy-wide market clearing conditions. Throughout the course, the material is applied to better understand such general issues as cyclical fluctuations, economic growth and stabilization role of monetary and fiscal policy, as well to specific topics such as the recent financial crisis, global imbalances, demographic aging, or the recent European debt crisis.

### Course Materials and Communication

**Mandatory readings:** The required textbook for the course is “Macroeconomics” by Abel, Bernanke, and Croushore [ABC] (Pearson, 8th edition). The textbook is available for purchase in the Bookstore. A loose-leaf version is also available. Note that the Study Guide and access to MyEconLab are not required.

The required coursepack, containing additional readings, is available from <http://www.study.net>. You can also order a hard copy from Wharton Reprographics. Throughout the semester, you should keep current with economic news. A subscription to The Financial Times, The Wall Street Journal, The Economist, or a close substitute is recommended. Selected articles from these sources may be added to the list of required readings later during the semester. These sources are accessible through the Penn library.

**Website:** The course website can be accessed at <https://wharton.instructure.com/>. You are expected to consult this website regularly and keep current with the posted content. Slides for the lectures will be available for download on canvas. However, please note that these materials have not been designed to serve as a substitute for regular lecture attendance or textbook reading. Supplemental handouts will be also posted on the website.

## Deliverables and Grades

The final grade for the course is based on examinations (2 midterm exams and 1 final exam), problem sets, a group project and participation. The weights are as follows: Examinations 70%, problem sets 15%, Global Analysis Project 10% and Participation 5%. The participation grade covers in class participation as well as online discussions (to be explained in class).

Before being combined to give the final grade, the distribution of each assignment will be normalized so that it has a mean of 80% and a standard deviation of 10%. This class will follow the Finance department's CORE grading guidelines: there will be no more than 30% of the grades in the A range and no more than 70% of the grades in the A and B ranges together.

## Exams

The midterm examinations are scheduled for **Feb 20th at 6-8pm** and **March 26th at 6-8pm**.

The final examination, scheduled by that registrar's office, is on **May 13th, at 6-8pm**. The final exam will be assigned twice the weight of the midterm exams, yielding in effect four exam grades. The total examination grade for the course will be then computed as the average of the best three out of these four grades. The formula is intended to provide insurance against both scheduling conflicts and an anomalous performance in the final exam. As a result, **no requests to reschedule or retake any of the two midterms will be entertained, unless specifically mandated by the University**. If you miss one midterm for any reason whatsoever, you can simply use your insurance policy and drop that exam.

The final exam can be rescheduled only if explicitly required by University policy, and

only during the official make-up period during the first week of the following semester.

Any request for a required make-up exam or for disability accommodations must be made at least one week before the exam. In case of serious illness on the final exam day, you must notify the professor before the exam begins, and provide official documentation from a doctor as soon as possible afterwards.

Disability accommodations will be provided by the disability center. To be eligible, you must notify me less than two weeks after the semester starts that such accommodations are needed and provide the proof of eligibility. The exam will be scheduled during the time of the regular exam or right before the exam.

All exams are closed-book but you are allowed to bring one 8.5”x11” cheat-sheet with your own notes to midterm #1, two sheets to midterm #2, and three sheets to the final. Cheat-sheets can only contain your own notes and in your own handwriting. In particular, they may not contain large portions of reproduced notes or any other course materials such as slides, solutions manuals, answer keys etc. You can write on both sides of each sheet.

You will need your University ID to be admitted to an exam. You may use a calculator, but only if it cannot communicate with other devices. Please come to the exams a few minutes early. They will start on time. To record attendance quickly, the teaching staff may film the classroom during an exam.

## Problem sets

There will be 4-6 graded problem sets. Completed assignments must be submitted in-class before the lecture on the day the assignment is due. Assignments must be properly stapled. **No electronic version or late assignment will be accepted.**

You may and are encouraged to work on the problem sets in teams of no more than 4 people. If you work as a team, please turn in one copy per team with the names of all team members listed on the first page. Please make sure to include your section number on the first page of your copy.

Graded assignments will be placed in the student folders in the Finance Department (cabinet located in front of the TAs cubicles; assignment will be returned to the first listed student).

## Global Analysis Project

The Global Analysis Project is a group assignment promoting teamwork and communication, near the end of the semester. Each group will give an in-class presentation applying the course material to analyze the macroeconomic situation of a foreign country. Details will be provided in class and on the website. All students in the group will get the same grade regardless of their individual contributions. Part of the task is to organize the team so that

all members contribute equally and their skills are utilized in the best way possible.

## Regrades

Regrade requests must be submitted using the official Regrade Request form (available on the website) along with your entire exam. For the midterms, requests must be made within one week from the date that the exam is returned (whether or not you actually pick up your exam on that date). For the final exam, requests must be made within one week from the first day of classes the following semester. We retain the right to regrade the entire exam. Any alteration of the exam is strictly forbidden and will be considered a violation of the Code of Academic Integrity. To enforce this policy, some exam copies will be photocopied before returning them to the students.

## Academic Integrity

All relevant University policies regarding Academic Integrity must be followed strictly. Please review the Code of Academic Integrity at: <http://www.upenn.edu/academicintegrity/>.

## TAs and Office Hours

Office hours with the professor and the TAs will be announced during lecture and posted on canvas. We prefer to meet at these times, but if you cannot make it to any of the office hours you may make an appointment by email.

## TAs

The Teaching Assistants for the course are:

JOHANE CHU

**e-mail:** [zchu10@gmail.com](mailto:zchu10@gmail.com)

**Office Hours:** Wednesday, 12:30-1:30

NICOLAS GOMEZ

**e-mail:** [gomezn@wharton.upenn.edu](mailto:gomezn@wharton.upenn.edu)

**Office Hours:** Tuesday 11-12

JEFF CHUDAKOFF

**e-mail:** [jeff.chudakoff@gmail.com](mailto:jeff.chudakoff@gmail.com)

**Office Hours:** Friday 3:30-4:30

SAMIR SAXENA

**e-mail:** [ssamir@wharton.upenn.edu](mailto:ssamir@wharton.upenn.edu)

**Office Hours:** Monday 3-4

## TENTATIVE CALENDAR

This calendar and the list of topics are subject to change.

Class #	Date	Topic	Readings
1	Wed 1/15	Introduction and overview	ABC chapters 1, 8.1-8.3
2	Wed 1/22	Data and measurement	ABC chapter 2
3	Mon 1/27	Asset prices and economic news	Siegel, chapters 14 and 10
4	Wed 1/29	Productivity and output	ABC, chapters 3.1 and 6.1 ABC, appendix A
5	Mon 2/3	Labor market	ABC, chapters 3.2 – 3.4
6	Wed 2/5	Unemployment	ABC chapter 3.5, 10.1, 11.1
7	Mon 2/10	Consumption and savings I	ABC chapter 4.1 ABC appendix 4A
8	Wed 2/12	Consumption and savings II	idem
9	Mon 2/17	Investment and Goods Market Equilibrium	ABC, chapter 4.2 and 4.3
	Wed 2/19	Review Session	
	Thu 2/20	<b>Midterm #1 at 6pm</b>	
10	Mon 2/24	Asset market, money and prices	ABC chapter 7
11	Wed 2/26	IS-LM, AS-AD I	ABC, chapter 9.1 – 9.5 ABC, appendix 9A and 9B
12	Mon 3/3	IS-LM, AS-AD II	ABC chapter 9.6
13	Wed 3/5	Business cycle and macro policy	ABC chapter 10.1-10.2 ABC chapter 11.3-11.4
	Mon 3/10	Spring break	
	Wed 3/12	Spring break	
14	Mon 3/17	Historical recessions in IS-LM/AS-AD	ABC chapter 10.1-10.2 ABC chapter 11.3-11.4
15	Wed 3/19	Unemployment, Inflation and the Fed	ABC chapters 11.2, 12 and 14.3
16	Mon 3/24	Monetary Policy and the Fed: Part I	ABC chapters 14.1 and 14.2 Mishkin, chapter 6, page 130-142 Mishkin, chapter 15
	Wed 3/26	<b>Midterm #2 at 6pm</b>	
17	Mon 3/31	Monetary Policy and the Fed: Part II	idem
18	Wed 4/2	International Trade and Capital Markets	ABC, chapter 5
19	Mon 4/7	Exchange Rates	ABC, chapter 13.1-13.2
20	Wed 4/9	Open economy IS-LM model	ABC, chapter 13.3 and 13.4
21	Mon 4/14	Fixed exchange rate and currency crises	ABC, chapter 13.5
22	Wed 4/16	Growth	ABC 6.2-6.3
23	Mon 4/21	The Great Recession	
24	Wed 4/23	Global Analysis project	
25	Mon 4/28	Global Analysis project	
26	Wed 4/30	Global Analysis project	
		Final exam	