

FINANCE 613

Macroeconomics and the Global Economic Environment

Fall 2015

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DESCRIPTION

Finance 613 is a course in intermediate 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, 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

The Canvas site contains all lecture notes and readings, many useful links, and general course information. There is a detailed Calendar of all course activities and due dates. **Quizzes and Assignments must be submitted there.** Finally, Canvas will serve as hub for all course-related discussions. To find the site for this course go to <https://canvas.upenn.edu>.

Textbook

There are several good textbooks covering the core theoretical concepts in macroeconomics at an intermediate level. The best is *Macroeconomics*, 8th edition, by Abel, Bernanke and Croushore. This is an excellent text in macroeconomic theory and you are strongly encouraged to use it both to complement our class discussions and to cover additional theoretical issues in greater detail. Many end-of-chapter problems in this textbook will be useful to prepare for the Quizzes and the Final Exam. This book can also be purchased in a full package that contains access to MyEconLab. However this suite of additional resources will not be used in this class.

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. I assume everyone will subscribe to one of them or at least follow an alternative news outlet of nearly identical quality. When relevant, a few timely articles or reports may be added to the list of required readings during the term.

GRADES

Composition

The final grade breakdown for this course is as follows:

- Quizzes 30%
- Class Discussions 30%
- Final Exam – **Dec 11, 3pm** 40%

Attendance is not required but it is difficult to participate in the Class Discussions without being present.

Exam Information

The final exam is comprehensive. You will be able to bring one double-sided sheet with notes and one calculator. Most if not all questions are multiple choice and conceptually similar to those in the quizzes.

Problem Sets and Quizzes

There will be 12 online quizzes during the first half of the term. They can be accessed and submitted on Canvas. Due dates are also posted there. The 10 quizzes with the highest score will count for your grade. **You can work on the Quizzes with your classmates but everyone must submit individually.**

Each Quiz recommends a few problems from the textbook to help you prepare for the Quiz. Solutions to the textbook problems as a several additional ones are available on Canvas.

Presentations and Discussions

There will be 10 in class discussions. Students will be assigned readings in advance and asked to prepare and submit a brief summary for possible in class presentation. You can **work on these in groups of 2 or 3 students, but anyone can be randomly selected to present.** The 6 best grades from these presentations/discussions count towards your final grade.

Scheduling Conflicts

This class is also offered in the Spring Semester. **If you have a conflict with the date for the Final Exam you should drop the class now.** Any additional conflicts will 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.
- It is Wharton policy that you *should not approach instructors with requests to reschedule exams or to make special accommodations.*

Exam Regrade

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.

Teaching Assistants, Office Hours and Online Discussions

The Discussion module on Canvas will be used to deal with overflow or extra material that could not be covered in depth during class and you are strongly encouraged to contribute to these discussions. This module will also be used to answer specific questions about assignments and the course in general. Discussions will be monitored regularly by me and several teaching assistants.

If you wish to meet with me outside class my regular Office are on Tuesday 1:30-2:30pm. Please email at gomesj@wharton.upenn.edu to schedule an appointment at another time. My office is Steinberg Hall-Dietrich Hall 2329.

TENTATIVE TOPICS

Date	Topic
Aug 26	Is China The New Number 1? Measuring Economic Power
Aug 31	How The West Won: Growth And Productivity
Sep 2	Why Do Americans Eat So Much? Household Consumption And Savings
Sep 9	Why Are Interest Rates So Low? Savings And Investment
Sep 14	Why We Love Money So Much. The Demand for Money
Sep 16	Are Europeans Lazy? The Labor Market
Sep 21	Putting it All Together. The IS/LM/FE Model
Sep 23	Hard Times. A First Look At The 2008 Crisis
Sep 28	Banks Are People Too (!) A Second Look At The 2008 Crisis
Sep 30	Is China Starving? Understanding Trade Deficits
Oct 5	Why Is The Dollar So High? The Macroeconomics of Currency Values
Oct 7	Why The Euro Might Be Doomed And Other Sad Stories. Exchange Rate Politics
Oct 19	Macroeconomists As Kings. A Century Of Policymaking
Oct 21	Discussion: What is the Fed Going to Do?
Oct 26	Discussion: Why Are Stocks So Darn Expensive? Macro Data and Financial Valuations
Oct 28	Discussion: The End Of a Fairytale. The Collapse Of Spain
Nov 2	Discussion: The 2016 Outlook: Asia And The Middle East
Nov 4	Discussion: The 2016 Outlook: Africa And Latin America
Nov 9	Discussion: Has Brazil Blown its Chance?
Nov 11	Discussion: Is Africa Worth the Trouble?
Nov 16	Discussion: Is India The Next China?
Nov 18	Discussion: Did the Government Lie to Us? Debts And Other Promises
Nov 30	Discussion: Challenges For The Next 50 Years
Dec 2	Final Review and Conclusion