

FNCE 613
MACROECONOMICS AND THE GLOBAL ECONOMIC ENVIRONMENT
THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA

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COURSE DESCRIPTION

FNCE 613 is a course on macroeconomic analysis in the context of globally integrated economies with an emphasis on current events. The objective of the course is to provide students with the foundation to understand the big macroeconomic events, and to learn how to evaluate the global economic environment in which business decisions are made. Key topics of the course include national income accounting, the central role of technological change for economic growth, the labor market, business cycle fluctuations and in particular the Great Recession following the 2008 financial crisis, the conduct of monetary and fiscal policy, the macroeconomic effects of globalization, and the international transmission of macroeconomic shocks.

LECTURES

Each lecture lasts for one hour and twenty minutes. Most lectures are divided into two parts. The first part is devoted to an in-class discussion of a current policy topic or case study related to the material covered in the previous lecture. The second part introduces new material that prepares students for next lecture's current policy topic or case study. Students are expected to come to class prepared and participate actively – especially during the first part of the class. This is reflected in the participation grade, which accounts for 20 percent of the final course grade (see below).

WEBSITE

The [Canvas website](#) is the primary information source for the class. It contains lecture slides, links to assigned readings, quizzes, and other useful information. You should check the website regularly. The website is also a great place to start and participate in course-related discussions. You need to have a [Wharton account](#) to access the website. If you experience problems with accessing the account, please contact Penn's Canvas [support service](#).

COURSE MATERIAL

Lecture slides

Most of the course is taught with slides. The slides provide the basis of the lectures but do not contain a complete account. Students are expected to supplement the slides with their own notes and the assigned readings. The slides will be made available before class on the course website.

Coursepack and other readings

There is a course pack that contains required readings from different textbooks and case studies. The course pack is hosted on study.net and can be accessed free of charge through the course website. The coursepack can also be printed through [Wharton Reprographics](#) (at your own cost). In addition, most lectures are supplemented by readings from news publications and podcasts. These supplements can be accessed through the course website and are required material for the in-class discussions.

Textbook

There is no required textbook. However, the course draws heavily from the following books: *Macroeconomics* (4th edition) by Charles I. Jones, W.W. Norton & Co., 2017 (**Jones** from hereon); and *Macroeconomics* (9th edition) by Andrew B. Abel, Ben S. Bernanke and Dean Croushore, Pearson, 2017 (**ABC** from hereon). It is highly recommended that students supplement the lectures with the assigned readings from one of the two books as indicated on the course website. The books also include sample questions and study guides that help prepare for the exams. Both books can be purchased in electronic format at a reduced price (see the bookstore or the publishers' websites for more information). The books are also in reserve at [Lippincott Library](#).

COURSE ETIQUETTE

Macroeconomics is a complex subject about important issues. You will be able to understand and form your opinion about these issues only if you actively engage with the material. You therefore must **come to class regularly** and **work independently on your assignments**.

The course is like a contract. My end of the contract is that I will work hard to make it worth your time. Your end of the contract is to **prepare the assigned readings and current policy topics / case studies, show up for class** and **participate actively**. The in-class discussion that occupies the first part of most lectures is designed explicitly to encourage this behavior.

To promote a good learning environment, [Wharton's MBA Concert Rules](#) are in effect:

- Class starts and ends exactly on time. Students and faculty are expected to be prompt.
- Students do not switch sections and always sit in the same seat.
- Students remain in attendance for the duration of class, except for an emergency.
- Students display name tents.
- Phones are turned off and put away.
- Laptops and tablets are not allowed unless for educational purposes as permitted by professor.

The Concert Rule about phones is strict. Violations of the rule will lead to a 50% reduction of the participation grade for a first infraction, respectively a 100% reduction for a second infraction. If you must keep a phone on for a personal emergency reason, please inform me ahead of class.

Laptop or tablet use is also highly discouraged. With your laptop/tablet open, it is almost impossible not to get distracted by email and social media, even if you don't mean to or have told yourself that you won't. [Recent research](#) has shown that this kind of multitasking impairs both your and your peers' learning ability. Moreover, even if you are just taking notes with your laptop/tablet, it takes away from the sense of conversation I would like to foster during class. **If you nevertheless believe that you take better notes with your laptop / tablet, you need to come see me in advance.**

GRADING

Your overall course grade is based on the following components: Exams (60%), in-class participation (20%), and quizzes (20%).

Exams (60%)

There will be one midterm exams and a final exam. The exams are scheduled as follows:

- Midterm: **Tuesday, October 10, 6:00pm to 8:00pm**
- Final: **Monday, December 18, 3:00pm to 5:00pm** (tentative as scheduled by the University)

Both exams are **comprehensive** and **closed book except for one 8.5" x 11" double-sided sheet of notes for the midterm and two for the final.** Calculators are permitted but not cell phone calculators.

The final exam will be assigned twice the weight of the midterm, yielding effectively three exam grades. The total "exam grade" will be computed as the arithmetic average of the best two out of the three grades. This formula provides you with insurance against having a bad day or against being unable to attend the midterm. Because of this insurance, **no requests to reschedule or retake the midterm will be entertained.** If you miss the midterm for any reason whatsoever, you can simply use your insurance policy and drop that grade. The final exam, in turn, can be rescheduled only if required by university policy and only during the official make-up period. **Any request for a make-up final exam as well as notification of disability accommodations need to be directly addressed to the MBA Program Office.** According to the [MBA Resource Guide](#), *"...you should never approach an instructor with a request to reschedule an exam or to make a special accommodation...[as this] can be considered use of a dishonest method to gain unfair advantage over other students."*

In-class Participation (20%)

The in-class participation grade is based on your participation in the discussion of the current policy topics and the case studies as well as your overall involvement in the lectures. To prepare for the current policy topics and the case studies, you are encouraged to collaborate with your class mates. However, you will be judged independently on your in-class participation.

Quizzes (20%)

There will be 6 multiple choice quizzes, designed to reinforce key concepts from class and to help you prepare for the exams. The quizzes will be administered through the course website. Due dates are indicated below in the course outline. **Quizzes are due at 9:30am sharp of the due date indicated in the course calendar below. This applies to all sections of the class.** Quizzes will not be accepted late and no regrade requests will be entertained.

The total "quiz grade" will be computed by dropping the worst quiz grade and taking the arithmetic average of the remaining quiz grades. Because the quizzes are graded, you must work on them alone. When taking the quizzes, you may use any written material from the course as well as a calculator, but **you may not communicate in any way with your classmates or any other person.**

Regrade requests

Regrade requests for the exams must be submitted using the **Regrade Request form** together with the **Statement of Honesty** posted on the course website and must be accompanied by your exam. Requests must be submitted within one week from the date the exam is returned (whether or not you actually pick up the exam on that date). For any request, the entire exam will be automatically regraded; meaning, the grade may stay the same, go up, or go down. Any alteration of the exam is therefore strictly forbidden and will be considered a violation of the University's [Code of Academic Integrity](#).

ACADEMIC INTEGRITY

The word is "DON'T." Or maybe "Immoral." Or perhaps "Idiotic."... A student who tries to steal or buy his degree will cheapen the degree his classmates earn, the way professors who give all A's cheapen it, or the students who cheat on exams cheapen it. Maybe that is the best word: "Cheap."

D. McCloskey (1987)

Students must adhere to the University's [Code of Academic Integrity](#). Any student found responsible of academic misconduct, cheating, fabrication or plagiarism will automatically fail the class, and the incident will be reported to the MBA Program Office.

OFFICE HOURS

My office hours are on **Wednesdays from 1:30pm to 3:00pm in SHDH 2452**. In addition, you may email me at kurmann@wharton.upenn.edu to schedule appointments to talk with me at other times.

Additional office hours are held throughout the week by teaching assistants (location and time to be determined).

COURSE CALENDAR

CLASS	DATE	TOPIC
1	Tues, Aug 29	National income accounting
2	Thurs, Aug 31	Prices, inflation, and economic performance over time
3	Tues, Sept 5	Why are some country richer than others? Quiz 1 due
4	Thurs, Sept 7	Why do economies grow?
5	Tues, Sept 12	I promise you 4% growth...believe me!
6	Thurs, Sept 14	Labor demand, labor supply, and labor market equilibrium
7	Tues, Sept 19	Labor market frictions and unemployment
8	Thurs, Sept 21	Understanding the steady path of consumption Quiz 2 due
9	Tues, Sept 26	Implications of consumption smoothing
10	Thurs, Sept 28	Investment and the goods market equilibrium
11	Tues, Oct 3	Business cycles Quiz 3 due
	Thurs, Oct 5	No class (Fall break)
	Tues, Oct 10	Review session Midterm exam from 6:00pm – 8:00pm
	Thurs, Oct 12	No class (Exam period)
	Tues, Oct 17	No class (Exam period)
12	Thurs, Oct 19	The IS-MP / AS-AD framework
13	Tues, Oct 24	The Great Recession and the Great Stimulus
14	Thurs, Oct 26	The Great Inflation and the Volcker Disinflation
15	Tues, Oct 31	The Federal Reserve and conventional monetary policy Quiz 4 due
16	Thurs, Nov 2	The 2008 financial crisis and unconventional monetary policy
17	Tues, Nov 7	Asset prices, economic news, and monetary policy
18	Thurs, Nov 9	Government spending and its financing
19	Tues, Nov 14	How to skin a cat with the least squealing
20	Thurs, Nov 16	International trade and globalization Quiz 5 due
	Tues, Nov 21	No class (Thanksgiving)
	Thurs, Nov 23	No class (Thanksgiving)
21	Tues, Nov 28	Exchange rates and international finance
22	Thurs, Nov 30	Macroeconomic policy in an open economy world
23	Tues, Dec 5	The European debt crisis and beyond Quiz 6 due
	Thurs, Dec 7	Review session
	Mon, Dec 18	Final exam from 3:00pm – 5:00pm (tentative, as scheduled by University)