

# Finance 613

## Macroeconomics and the Global Economic Environment

### Spring 2018

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#### 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 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 sources of economic growth, the labor market, lessons from the 2008 financial crisis and the Great Recession, the conduct of monetary and fiscal policy, and the macroeconomic effects of globalization.

#### Lectures

Lectures take place on Mondays and Wednesdays. 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 lectures 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).

#### Course Website

The course has a [website](#) on Wharton's Canvas system. 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 Penns Canvas support service.

#### Office Hours

My office hours are on Tuesdays from 1:30pm to 3:00pm in Steinberg Hall-Dietrich Hall 2324. In addition, you may email me at [timland@wharton.upenn.edu](mailto:timland@wharton.upenn.edu) to schedule an appointment at a different time.

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

## Course Materials

### 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.

### Textbook

The textbook for the course is *Macroeconomics* (4th edition) by Charles I. Jones, W.W. Norton & Co., 2017. I will assign sections of this book as required reading before each class. The book also includes sample questions and study guides that help prepare for the exams. In addition to the traditional hardcover version, the bookstore should have a cheaper loose-leaf version for sale. The book can also be purchased in electronic format at a reduced price (see the bookstore or the [publisher's website](#) for more information).

### Other Readings

Most lectures are supplemented by readings from news publications, podcasts, or high-level economic research articles. These supplements can be accessed through the course website and are required material for the in-class discussions.

## Grades

The final grade breakdown for this course is as follows:

In-class participation	20%
Quizzes	30%
Exams	50%

Attendance is not required but absence from the class discussions will be reflected in your participation grade.

### In-class Participation

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

### Quizzes

There will be 10 multiple choice quizzes. Due dates are indicated below in the course outline. Quizzes are due at 9:00am sharp of the due date indicated in the course calendar. 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.

### **Exams**

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

- Midterm: Wednesday, February 26, 6-8pm,
- Final: Thursday, May 3, 6-8pm (tentative, 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 such sheets for the final. Calculators are permitted but you cannot use your phone as calculator.

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.

### **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**

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.

## Course Etiquette

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. More importantly, the content on your screen may be distracting to your class mates sitting next to you or behind you. If you nevertheless believe that you take better notes with your laptop / tablet, you need to come see me in advance.

## Course Calendar

Class	Date	Quiz	Topic	Jones Ch.
1	Wed, Jan-17		Introduction and Overview	1
2	Mon, Jan-22		National Income Accounting	2
3	Wed, Jan-24		Measuring Economic Performance	3
4	Mon, Jan-29	#1	Why are some countries richer than others?	4
5	Wed, Jan-31		Investment and Growth	5
6	Mon, Feb-05	#2	Investment Decisions	17
7	Wed, Feb-07		Consumption and Savings Decisions	16
8	Mon, Feb-12	#3	International Trade	19
9	Wed, Feb-14		The Labor Market	7
10	Mon, Feb-19	#4	Money and Inflation	8
11	Wed, Feb-21		The Federal Reserve and the Banking System	8
12	Mon, Feb-26	#5	Review for Midterm	
	Mon, Feb-26		<b>Midterm 6-8pm</b>	
	Wed, Feb-28		core classes do not meet	
	Mon, Mar-05		Spring Break	
	Wed, Mar-07		Spring Break	
13	Mon, Mar-12		Business Cycles	9
14	Wed, Mar-14		The IS Curve	11
15	Mon, Mar-19	#6	The MP Curve and the Short-Run Model	12
16	Wed, Mar-21		The AS/AD Model and Stabilization Policy	13
17	Mon, Mar-26	#7	The 2008 Financial Crisis	14
18	Wed, Mar-28		Financial Regulation and the Macroeconomy	14
19	Mon, Apr-02	#8	Government Spending and its Financing	18
20	Wed, Apr-04		Macroeconomic Effects of Fiscal Policy	18
21	Mon, Apr-09	#9	Exchange Rates and International Finance	20
22	Wed, Apr-11		Macroeconomic Policy in Open Economies	20
23	Mon, Apr-16	#10	Modern Macro: Taking Stock	15
24	Wed, Apr-18		Review for Final	