

Finance 613

Macroeconomics and the Global Economic Environment

Spring 2020

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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, international trade, the labor market, lessons from the 2008 financial crisis and the Great Recession, central banking and the conduct of monetary policy, the macroeconomic effects of fiscal policy, and the international financial system.

Lectures

Lectures take place on Mondays and Wednesdays, with topics as listed in the course calendar on the last page. 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 Mondays from 1:30pm to 3:00pm in Steinberg Hall-Dietrich Hall 2324. In addition, you may email me at 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 recommended 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 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, high-level economic research articles, or case write-ups. 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% |
| Group case presentation | 10% |
| Quizzes | 20% |
| Exams | 50% |

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

Student Group Presentations

During the last two lectures of the course (on April 20 and 22, respectively), students will present case studies on two different topics. Students should form groups to prepare the case presentations. Each group needs to prepare a case, and at the beginning of class I will randomly select two groups that have to present (groups can decide to have a designated presenter). Independent of whether a group gets selected to present, each group will receive a grade for the case presentation, based on slides submitted on Canvas.

Quizzes

There will be 9 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 two exams that receive equal weight. The exams are scheduled as follows:

- Exam 1: Wednesday, March 4, 6-8pm,
- Exam 2: Thursday, April 16, 6-8pm.

Both exams are comprehensive for the course material up to the date of the exam and closed-book except for one 8.5" x 11" double-sided sheet of notes. Calculators are permitted but you cannot use your phone as calculator.

To compute the total "exam grade", I will calculate the weighted average of both exam scores. For each student, I will assign a weight of 2/3 to the exam with the higher score. This formula provides you with some insurance against having a bad day.

Make-up Exam Policy

An exam can be rescheduled only if required by university policy. Any request for a make-up exam as well as notification of disability accommodations need to be *directly addressed to the MBA Program Office*. Students that miss an exam for a valid reason, as determined by the MBA program office, will get the chance to take a make-up exam during the final exam period (May 4-12, date to be determined). In this case, the make-up exam score will replace the score of the missed exam. If a student has excused absences for both exams, the make-up exam will count for 100% of the exam grade.

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 Interguity](#).

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 |
|-------|-------------|------|---|
| 1 | Wed, Jan-22 | | Introduction and Overview |
| 2 | Fri, Jan-27 | | National Income Accounting |
| 3 | Wed, Jan-29 | | Measuring Economic Performance |
| 4 | Mon, Feb-3 | #1 | Why are some countries richer than others? |
| 5 | Wed, Feb-5 | | Investment and Economic Growth (Solow) |
| 6 | Mon, Feb-10 | #2 | Case: The Solow Model Unleashed |
| 7 | Wed, Feb-12 | | Consumption and Savings Behavior |
| 8 | Mon, Feb-17 | #3 | Capital Market Equm and Investment |
| 9 | Wed, Feb-19 | | International Trade |
| 10 | Mon, Feb-24 | #4 | Money and Inflation |
| 11 | Wed, Feb-26 | | The Federal Reserve and the Banking System |
| 12 | Mon, Mar-2 | #5 | Review for Exam I |
| | Wed, Mar-4 | | Exam I, 6-8pm |
| | Mon, Mar-9 | | Spring Break |
| | Wed, Mar-11 | | Spring Break |
| 13 | Mon, Mar-16 | | Business Cycles and the Labor Market |
| 14 | Wed, Mar-18 | | The AS/AD Model and Stabilization Policy |
| 15 | Mon, Mar-23 | #6 | Case: Quantitative Easing in the Great Recession |
| 16 | Wed, Mar-25 | | Current Monetary Policy Outlook and the Yield Curve |
| 17 | Mon, Mar-30 | #7 | Fiscal Policy and Government Debt |
| 18 | Wed, Apr-1 | | Case: TCJA: Do tax cuts pay for themselves? |
| 19 | Mon, Apr-6 | #8 | Exchange Rates and International Finance |
| 20 | Wed, Apr-8 | | Macroeconomic Policy in Emerging Economies |
| 21 | Mon, Apr-13 | #9 | Review for Exam II |
| 22 | Wed, Apr-15 | | In-class office hours |
| | Thu, Apr-16 | | Exam II, 6-8pm |
| 23 | Mon, Apr-20 | | Case Group Presentations I |
| 24 | Wed, Apr-22 | | Case Group Presentations II |