

FNCE 613
MACROECONOMICS AND THE GLOBAL ECONOMY
THE WHARTON SCHOOL OF THE UNIVERSITY OF PENNSYLVANIA

PROFESSOR ANDRÉ KURMANN
FALL 2020

GENERAL INFORMATION

Time and format of class Section 001: Tuesdays and Thursdays 9:00 – 10:20 EST
Section 002: Tuesdays and Thursdays 10:30 – 11:50 EST

The first 30 minutes of each class consists of pre-recorded videos.
The remaining 50 minutes consist of live interaction on Zoom.

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Office hours TBD

COURSE DESCRIPTION

FNCE 613 is a course on macroeconomics in the context of globally integrated economies with an emphasis on current events. The course has three interrelated objectives:

- (1) provide students with the foundation to understand macroeconomic trends and policy implications;
- (2) help students think through the macroeconomic consequences of the COVID-19 pandemic;
- (3) show students how to integrate the global economic environment into business decision-making.

Key topics of the course include measuring economic performance across countries and through time, the central role of innovation for economic growth, the labor market and the effects of automatization and the COVID-19 pandemic on income inequality, international trade and the costs and benefits of globalization, business cycles and in particular the recessions due to the 2008 financial crisis and the COVID-19 pandemic, the role of monetary policy in controlling inflation and stabilizing the economy; the effects of taxation and government spending, exchange rates and the international transmission of macroeconomic shocks.

LECTURES

Due to the COVID-19 pandemic, the university has imposed that the entire course is taught online. This presents us with undeniable challenges, but the online format also opens up new opportunities to enhance the learning experience. We will use a “virtual flipped classroom” approach in which **the first 30 minutes of each class consist of a set of short, pre-recorded videos** about basic material that students can watch in advance and at their own pace. The **remaining 50 minutes of each class consist of live interaction on Zoom** during which we address questions about the material in the pre-recorded videos, discuss applications to current topics, solve case studies, and work on problems in small break-out groups.

The purpose of this hybrid model is to encourage students to take on a more active role and foster connections, thereby helping students to achieve a better learning outcome during these challenging times. For this to be successful, **students are expected to come to the Zoom call prepared and participate actively in the course**. This may not always be easy, but I am here to help you succeed; and your efforts will be reflected in the participation grade, which accounts for 20% of the course grade (see below).

WEBSITE

The [Canvas website](#) is the primary information source for the course. It contains lecture slides, pre-recorded videos, links to assigned readings, quizzes, and other useful information about group projects etc. You should check the website regularly. The website is also a great place to 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

Pre-recorded videos

The pre-recorded videos cover basic material and will be made available at least one day before each class. This allows students to watch and digest the material at their own pace. **You are encouraged to email me with questions about the basic material ahead of the live segment of the class.**

Lecture slides

The pre-recorded videos come with slides that 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 together with the pre-recorded videos.

Textbook

The basic material of the course draws heavily on the textbook *Macroeconomics* (5th edition) by Charles I. Jones, W.W. Norton & Co., 2020 (**Jones** from hereon). The text comes in paper version or in Ebook version (see the Penn bookstore or the book [publisher’s website](#) for more information). It is highly recommended that students supplement the lecture slides with the assigned readings from the textbook.

Coursepack and supplementary material

There is a course pack that contains required readings from other textbooks and case studies. The course pack is hosted on study.net and can be accessed free of charge through the course website. In addition, most lectures are accompanied by supplementary readings from news publications, economic research papers, podcasts, and videos that provide applications of the basic material to current events. These supplements are required material for the live segment of the course and can be accessed through the course website.

COURSE ETIQUETTE

To promote a good learning environment, [Wharton's Learning Agreement](#) is in effect (except for the no laptop / tablet rule, of course 😊). Given the hybrid online format, I ask you to respect the following rules:

- Prepare the assigned readings and watch the pre-recorded videos ahead of class.
- Email me with questions about the material ahead of time and participate in the online discussion boards.
- Log in to Zoom before the start of the live segment (i.e. 9:30am EST for Section 001 and 11:00am EST for Section 002) – the live segment starts and ends exactly on time.
- Turn on your video feed and display your actual name as it appears in the registrar's list.
- Remain in attendance for the duration of the live segment.
- Do not switch sections.

While not mandatory, I strongly encourage you to attend the live Zoom segment as this will help your participation grade. If you are unable to attend a Zoom session, please contact your TAs in advance.

I also encourage you to abstain from multitasking, checking your phones, and looking at other websites during the Zoom sessions. Devote as much of your attention as possible to the live interaction you have with your colleagues and with me to help your learning experience!

GRADING

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

Exams (60%)

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

- Midterm: **Monday, October 19**
- Final: **During Final Exam Period December 15-22** (updated as soon as exact date is available)

The exams will be administered online through Canvas. For each exam, there is a 2-hour time limit and you will have a 12-hour window during which to take the exam.

Both exams are **comprehensive** and **open book** – you can use all of your course material and notes. **However, you may not seek help from anyone, including on the internet. All students must adhere to the University's [Code of Academic Integrity](#).**

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 the flexibility of not taking the midterm and put all of the weight on the final exam. Likewise, the formula provides an insurance policy against having a bad day or being somehow inconvenienced during exam time. Because of this flexibility, **no requests to reschedule or retake the midterm will be entertained.** 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 [Wharton MBA Academic Policies](#), “...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.”

If you feel that an exam has not been graded correctly, you should submit the **Regrade Request form** together with the **Statement of Honesty** posted on Canvas. Requests must be submitted within one week from the date the exam grade has been posted. For any request, the entire exam will be automatically regraded; meaning, the grade may stay the same, go up, or go down.

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 Canvas. Due dates are indicated below in the course outline. **Quizzes are due at 9:00am EST sharp of the due date indicated in the course calendar below. This applies to both sections of the course.** 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, but you may not communicate in any way with your classmates or any other person.

Participation (20%)

The participation grade is based on your active participation in the live zoom segment, your contribution to class discussions, and your general involvement in the course.

We will be using Piazza for class discussion. The system is highly catered to getting you help fast and efficiently from classmates, the TAs, and myself. Rather than emailing questions, I encourage you to post your questions on Piazza. If you have any problems or feedback for the developers, email team@piazza.com. Find our class signup link at: <https://piazza.com/upenn/fall2020/fnce613>.

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 CALENDAR

CLASS	DATE	TOPIC
1	Tue, Sept 1	Introduction and overview
2	Thu, Sept 3	Measuring output, income, and inflation
3	Tue, Sept 8	Comparing economic performance over time and across countries
4	Thu, Sept 10	Why are some country richer than others? Quiz 1 due
5	Tue, Sept 15	Why do economies grow?
6	Thu, Sept 17	Case: The Solow model unleashed
7	Tue, Sept 22	Labor markets and unemployment
8	Thu, Sept 24	The effects of automatization and COVID-19 on income inequality
9	Tue, Sept 29	Understanding consumption across individuals and over time Quiz 2 due
10	Thu, Oct 1	Case: Spend! Save! Consumer life-cycle planning
11	Tue, Oct 6	Investment and capital market equilibrium
12	Thu, Oct 8	Review Quiz 3 due
	Tue, Oct 13	No class (Exam period)
	Thu, Oct 15	No class (Exam period)
	Mon, Oct 19	Midterm
	Tue, Oct 20	No class (Exam period)
13	Thu, Oct 22	Money and inflation
14	Tue, Oct 27	Business cycles and the IS-MP / AS-AD framework
15	Thu, Oct 29	The macroeconomic consequences of COVID-19
16	Tue, Nov 3	The 2008-09 financial crisis and the great recession
17	Thu, Nov 5	The great inflation and the birth of modern monetary policy Quiz 4 due
18	Tue, Nov 10	Inside the Fed
19	Thu, Nov 12	Unconventional monetary policy since the great recession
20	Tue, Nov 17	Taxes, government spending, and debt Quiz 5 due
21	Thu, Nov 19	Fiscal policy response to COVID-19
	Tue, Nov 24	No class (Thanksgiving)
	Thu, Nov 26	No class (Thanksgiving)
22	Tue, Dec 1	International trade and the costs and benefits of globalization
23	Thu, Dec 3	Exchange rates and international finance
24	Tue, Dec 8	Review Quiz 6 due
	Dec 15-22	Final exam (as scheduled by University)