

Macroeconomics and the Global Economic Environment (FNCE 6130)

Fall 2023

Instructor Thomas Winberry, twinb@wharton.upenn.edu

Teaching Assistants We have four TAs for our course:

- Nithya Kasi, nkasi@wharton.upenn.edu
- Chisom Onyishi, sovemba@wharton.upenn.edu
- Alina Song, songjj@wharton.upenn.edu
- Yuzhou (Joseph) Wu, yuzhouwu@wharton.upenn.edu

Office hours By appointment. Please feel free to email the TAs or me about any course questions, and we will set up a time to meet.

Exam dates Both the midterm and final exam will be administered online via Canvas. Exams will open at 12:01am and close at 11:59pm Eastern time. Students will have two hours from the time they start an exam to finish it. Students must turn in the exam by 11:59pm, even if they started less than two hours of the deadline.

- Midterm exam: October 11th, 2023.
- Final exam: December 11th, 2023.

Required course materials Required materials can all be accessed online via Canvas.

- Lecture slides
- Supplemental notes
- Weekly readings

Recommended course materials For students who would like to delve deeper into macroeconomics.

- A subscription to *The Economist*, the *Wall Street Journal*, or the *Financial Times* (free access available through the University of Pennsylvania Library).
- *Macroeconomics* by Charles I. Jones, W.M. Norton, 4th or 5th edition. Many students succeed without buying the textbook, but it may be useful for those who want a more thorough treatment of the topics covered in class.

Communication I will send out announcements at the end of each week via Canvas. You are expected to read each of these announcements; they often contain information about readings, assignments, quizzes, or exams.

1 Course Objectives

This course will provide you with the foundation to evaluate the macroeconomic environment in which business decisions are made. We will develop the mainstream macroeconomic model used by forecasters, policymakers, and academics. Key topics include: the determinants of GDP (consumption, investment, government spending, and net exports); long-run economic growth and technological change; the financial and monetary system; and the determinants of inflation, unemployment, interest rates, and exchange rates over the business cycle. We will use the model and empirical evidence to address prominent issues related to macroeconomic performance. Throughout, we will focus on the extent to which government policy can or should affect macroeconomic outcomes.

2 Course Structure

The course material will be delivered through lectures, readings, take-home assignments/quizzes, exams, and student presentations.

Lectures Our course is primarily lecture-based. Lectures are comprised of a combination of developing new economic concepts and applying those concepts to a current economic issue. A key benefit of attending Wharton is the opportunity to build relationships with other smart and ambitious students. Therefore, the course is better for everyone if students actively discuss these issues we study as a class. Conversely, missing

class makes it harder to participate in the future and imposes a negative externality on everyone else.

For both of these reasons, we will take attendance through the Wharton attendance and video request app. If you are unfamiliar with the app, please find more information at <https://support.wharton.upenn.edu/help/wharton-attendance-absence-and-video-requests-module-for-students>. Remember that checking in from outside the classroom is considered an ethics violation and will be treated very seriously.

For students with excused absences, you can request access to video recordings of the lectures through the same Wharton attendance and video request app. Video recordings will be deleted one week after the associated lecture.

You are expected to come to class on time. If you are more than ten minutes late, then you will not receive attendance credit for that day. Reporting attendance when more than ten minutes late is considered an ethics violation.

Phone are not allowed in class. Laptops and tablets can be used for note-taking purposes only. Violations of this policy will resulting in losing attendance credit.

Guest Lecture Our class meeting on November 7th will be a guest lecture by Patrick Harker, the President and CEO of the Federal Reserve Bank of Philadelphia. President Harker will give a short speech and then spend his remaining time on Q&A from the students. The guest lecture will start at 8:30am and be held in the G06 Auditorium in Jon Huntsman Hall. Students in the 10:15am section should attend if possible; we will not be recording the guest lecture.

Readings At the end of each week, I will assign one or two readings from the popular press about an economic issue that is relevant for the material for the upcoming week. All of these readings are required; I recommend reading through them early to give yourself time to mull over the issues they raise. We will discuss some of these readings in class. I may cold call students to discuss the readings; you must be prepared to discuss the readings in class if called upon.

Assignments and quizzes At the beginning of about half of the weeks of the semester, there will be either an assignment or quiz due on Canvas. See the tentative course schedule at the end of this document.

The assignments will walk you through a few real-world applications of the concepts we develop in class. Often, the assignments will include analyzing macroeconomic data and writing short reports about these data. These assignments can be completed in groups of up to four students and must be submitted in .pdf format via Canvas. You are free to choose your own group, but you must stick with the same group throughout the course. The goal of these groups is to help build working relationships with your classmates. You should discuss performance and grade expectations with potential teammates before finalizing your groups; I will not become involved in group conflicts. If you cannot find a group by September 7th, please email me and I will assign you to one. Groups must only include students in the same section.

The quizzes will be short, 20-minute multiple choice quizzes administered online via Canvas. The quizzes will cover material related to the macroeconomic model we develop. Their purpose is to give you an incentive to not fall behind on the class material. Quizzes are closed book and you must take them alone.

Late submissions of assignments or quizzes will not be accepted unless excused by me.

Exams Our course has both a midterm and a final exam. The exams will ask questions primarily about the macroeconomic model we develop throughout the course. I will post practice exams and hold a review session in class before each exam.

Class presentations The class meetings of November 28th and 30th will be devoted to student presentations. Each assignment group will choose a topic of interest and write a 10-15 minute presentation based on that topic. The goal of these presentations is to educate the rest of the class about a topic that is of interest to you.

Each group must select a topic before class on November 16th. We will use that class session as an opportunity to prepare for the presentations. You will work with your group to sketch out a plan, and I will spend 5-10 minutes with each group to approve the topic, raise key questions the presentation should address, and help create a plan for the presentation.

The student presentations must be given in person during the scheduled class time. You will receive a zero on the class presentation if you are absent for an unexcused reason.

3 Grading

Your grade will be determined by four components: attendance, the class presentation, assignments/quizzes, and exams.

- 10% from attendance. You are allowed two unexcused absences without affecting your grade.
- 15% from the class presentation.
- 25% from assignments and quizzes. Each assignment or quiz will count equally toward the total. I will drop the lowest assignment or quiz when computing your overall course grade.
- 50% from exams. I will use either the average of your midterm and final exam grade or just your final exam grade, whichever is higher. Hence, the midterm is optional. However, the midterm is easier than the final. That is my goal; I want to incentivize students to take the midterm seriously in order to set us up for success in the second half of the course.

Exam details You must take each exam alone. You are allowed a single-sided 8.5 inch by 11 inch cheat sheet for the midterm exam and a double-sided 8.5 inch by 11 inch cheat sheet for the final exam.

An exam can be rescheduled only if required by university policy. Any request for a makeup exam, as well as notification of disability accommodations, must 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. 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, then the make-up exam will count for the total exam grade.

Re-grades Regrade requests must be submitted in writing within one week of the exam being returned. Any alteration of the exam is strictly forbidden and considered a violation of the University's Code of Academic Integrity.

Code of 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 course and the incident will be reported to the university.

4 Generative AI

The use of generative AI, such as ChatGPT, is strictly prohibited for this class. Any use of generative AI will be treated as a violation of the University's Code of Academic Integrity.

5 Recording Policy

By taking this course, students acknowledge that:

- They will not: (i) record, share, or disseminate Wharton course sessions, videos, transcripts, audio, or chats; (ii) retain such materials after the end of the course; or (iii) use such materials for any purpose other than in connection with participation in the course.
- They will not share links to Wharton course sessions with any persons not authorized to be in the course session. Sharing course materials with persons authorized to be in the relevant course is permitted. Syllabi, handouts, slides, and other documents may be shared at the discretion of the instructor.
- Course recordings, content, and materials may be covered by copyrights held by the University, the instructor, or third parties. Any unauthorized use of such recordings or course materials may violate such copyrights

6 Tentative Course Outline

Please see below for a tentative course schedule, including due dates for each assignment and quiz. This schedule is subject to change; all changes will be announced through Canvas announcements. All times are U.S. Eastern.

Lecture	Topic	Assignment/Quiz	
1	August 29th	Welcome to macroeconomics	
2	August 31st	Introduction to macro data	
3	September 5th	Growth accounting	
4	September 7th	Technological progress	Assignment 1 due Sep. 12th, 8am
5	September 12th	The labor market	
6	September 14th	Long-run trends in the labor market	Quiz 1 due Sep. 19th, 8am
7	September 19th	Consumption	
8	September 21st	Investment	Quiz 2 due Sep. 26th, 8am
9	September 26th	Fiscal policy	
10	September 28th	The government spending multiplier	Assignment 2 due Oct. 3rd, 8am
11	October 3rd	Money and the Federal Reserve	
12	October 5th	Midterm review and Q&A	
<i>Midterm exam, October 11th</i>			
13	October 24th	Closing the model	
14	October 26th	Macroeconomic policy tools	Quiz 3 due Oct. 31st, 8am
15	October 31st	The 1991 recession (an example)	
16	November 2nd	Business cycles in the postwar U.S.	Assignment 3 due Nov. 7th, 8am
17	November 7th	<i>Guest Lecture: Patrick Harker President and CEO, Federal Reserve Bank of Philadelphia</i>	
18	November 9th	Advanced central banking	
19	November 14th	Topics chosen by students	
20	November 16th	Presentation prep	
21	November 21st	Overview of international macro	
<i>Thanksgiving break</i>			
22	November 28th	<i>Student presentations</i>	
23	November 30th	<i>Student presentations</i>	
24	December 5th	Final review and Q&A	