

FINANCE 615
Macroeconomics and the Global Economic Environment
Spring 2018

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Hours: Wednesday 14:00-15:00
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OVERVIEW

Finance 615 is a half semester course in macroeconomics. Its purpose is to provide students with an overview of the global economic environment within which business and financial decisions are made. We discuss the outlook for the global economy and financial markets as well as key challenges facing the largest economies. Topics include: the slow growth in world income and productivity; the consequences of aging populations, global trade imbalances and skyrocketing public debt; and the ultra low interest rate environment and its impact on asset values.

Important: Finance 615 **DOES NOT COUNT** towards the Finance major. Students majoring in Finance **must take FNCE 613** instead.

COURSE FORMAT

This is a fast paced course that requires a fair amount of preparation before class. To maximize opportunities for class discussion we use a “flipped” classroom format. Before each class I will assign readings and a short online quiz covering any essential technical concepts. After a brief review, the class time will be used to apply the key concepts to understand some of the most serious macroeconomic issues of our time.

MATERIALS AND INFORMATION

All course materials and information for this course, including lecture notes and assigned readings will be posted on Canvas. The site can be found at <https://canvas.upenn.edu>. Given the short duration of the course, there is **NO** required or recommended textbook. Students seeking greater exposure to the theoretical concepts covered in class are directed to take Fnce 613 instead.

COURSE ETIQUETTE

Macroeconomics is a complex subject about important issues. You will only understand and form an informed opinion about them only if you actively engage with the class. I **expect students to prepare assigned readings, show up for class and participate actively** in class discussions.

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

- Class starts exactly on time. Students and faculty are expected to be prompt.
- Students remain in attendance for the duration of class, except for an emergency.
- Students do not switch sections and always sit in their assigned seat.
- Students display name tents.
- Phones are turned off and put away.
- Laptops and tablets are discouraged but allowed **only** for educational purposes.

Violation of these rules means you will receive no credit for attendance/participation in that class. However, if you must keep a phone on for a serious personal emergency please inform me ahead of class.

EXAMS AND GRADES

Quizzes

There will be assigned online quizzes before most classes. They can be accessed and submitted on Canvas before the indicated due date. Although quizzes count towards your final grade, the main objective is to review and help consolidate key concepts. In particular, the Final Exam can be used to make up for any poor performance in the Quizzes. **You can work on Quizzes with your classmates but must submit your answers individually.**

Exam Information and Scheduling Conflicts

The *MBA Program Office* scheduled the Final Exam for Feb 26 at 6PM. Only they are equipped to deal fairly with any scheduling issues that may arise. Moreover, as stated in the MBA Resource Guide:

- *You should **never approach an instructor** with a request to reschedule an exam or make a special accommodation.*
- *Approaching an instructor with a request to reschedule an exam or to make a special accommodation can be considered use of a **dishonest method to gain unfair advantage** over other students.*

As a result, I will simply **ignore any questions** regarding schedule requests.

Final Grades and the Role of Class Participation

The formula for the **baseline** final grade is

$$(Q + A) + E \cdot (1 - (Q + A)/200)$$

- Q = 8 Quizzes @ 5 points each = maximum 40 points
- A = 12 Classes Attended @ 3 points each = maximum 36 points
- E = 1 Exam = maximum 200 points

The final exam weight will then vary between 62% and 100%, depending on how many classes you attend and the number of Quiz points you accumulate.

High quality class participation will also be taken into account when awarding final grades. Note that I will not reward interventions to make trivial points or that replace are based on personal opinions instead of assigned readings. This type of participation does not enhance the learning experience.

Specifically:

- I will **waive the final exam** and automatically award a score of **E = 200** to the top few students in each section that distinguish themselves during the semester by the ***exceptional quality*** of their contributions to class discussions. A **student vote** might be taken on the last day of class to help me determine the most valuable contributors in each section.
- Participation in class discussions will be considered when reviewing marginal grades.
- The maximum grade for a student attending *less than 75%* of the classes is a B+.
- A minimum of 100 total points is required to avoid an F grade.

The approximate final grade distribution will be:

- A/A- ≈ 25%
- B+ ≈ 40%
- B/B- ≈ 25%
- C/D/F = 10% (LT)

Grade Review

All requests to review your final grade must be submitted within 7 days from the date grade is first made available to you. No review request will be accepted after that date.

Teaching Assistants, Office Hours and Online Discussions

Virtual office hours will be held regularly through the Chat module on Canvas. Dates and times will be posted at the start of the semester.

Additional individual appointments with the TAs or me can be scheduled via email. Links to the TA email addresses will be on Canvas.

TENTATIVE CLASS SCHEDULE

Date	Topic
Jan 16	The World Economic Outlook
Jan 18	Running out of Ideas? The Productivity Decline
Jan 23	Older or Lazier? The Changing Labor Force
Jan 25	The New World: Robots, Trade and Inequality
Jan 30	Growth or Redistribution? Taxes in the 21 st Century
Feb 1	Is China Starving? Trade Imbalances
Feb 6	Recessions and Crises: A Century Of Policymaking
Feb 8	Why are Interest Rates so Low? The Monetary Policy Outlook
Feb 13	Are Stocks Overvalued? The Macro View
Feb 15	Is India the Next China? The Outlook for Asia
Feb 20	Europe after Brexit: Adjusting to Mediocrity
Feb 22	A Model for the Macroeconomy
Feb 26	Final Exam 6-8PM