

Finance 1010 – Monetary Economics and the Global Economy
Spring 2023 Syllabus
Professor Gideon Bornstein and Professor Sean Myers

Communication: Prof. Bornstein: profbornstein@gmail.com
Prof. Myers: profsmyers@gmail.com

Office Hours: Wednesday 4:00 PM to 5:00 PM (Also, by appointment)

Lectures: Tuesdays and Thursdays
FNCE 101-001 from 8:30 AM to 10:00 AM
FNCE 101-002 from 10:15 AM to 11:45 AM
FNCE 101-003 from 1:45 PM to 3:15 PM
FNCE 101-004 from 3:30 PM to 5:00 PM

TAs: Jacob Gould
Andrea Jury
Rachel Pang
Melanie Sporn
Michael Sun

Recitations: **Fridays**

Time: 8:30 AM to 9:30 AM
TA: Rachel Pang

Time: 10:15 AM to 11:15 AM
TA: Andrea Jury

Time: 12:00 PM to 1:00 PM
TA: Jacob Gould

Time: 1:45 PM to 2:45 PM
TA: Melanie Sporn

TA office hours: Andrea Jury – Monday, 12:00 PM to 1:00 PM
Melanie Sporn – Tuesday, 3:45 PM to 4:45 PM
Jacob Gould – Wednesday, 11:00 AM to 12:00 PM
Rachel Pang – Thursday, 5:00 PM to 6:00 PM

1. Course Description

FNCE 1010 is an intermediate-level course in macroeconomics, with an emphasis on monetary policy and international macroeconomics. The goal of the course is to provide a unified framework to analyze macroeconomic topics such as business cycles, inflation, monetary policy, fiscal policy, and exchange rates. The ultimate objective is to teach students how to evaluate the global economic environment in which business decisions are made. Throughout the course, we will apply our analysis to current events, both in the United States and across the globe.

The course is structured into the following parts: national accounts, markets, general equilibrium and business cycles, monetary policy, and the open economy. The first part addresses how economists gauge the performance of the economy as a whole, and focuses on the components of GDP and inflation. The second part covers the key markets at the national level: the labor market, the goods market, and the asset market. The third part shows how equilibrium across these different markets shape the state of the economy, and how the economy responds to different types of shocks. The fourth part of the course analyzes the role of monetary policy, with a particular focus on the decisions made by the Federal Reserve System during the Great Recession. The final part of the course teaches how macroeconomic dynamics change when countries can trade goods and assets internationally.

2. Course Materials

The required textbook for the course is “Macroeconomics” by Abel, Bernanke, and Croushore [ABC] (Pearson, 10th edition). The textbook is available for purchase in the bookstore.¹

If the lecture includes required readings, those would be available at least 24 hours prior to the lecture. The slide deck will be also available on Canvas before each class.²

Websites: Canvas, Ed Discussion, and PollEverywhere.

On [Canvas](#) you'll be able to access:

- Announcements
- Modules
- Syllabus
- Ed Discussion
- Lecture Slides
- Lecture Readings – from several media sources and the Fed
- TA and Professor Contact Information, Office hour information
- Recitation Guideline

¹ Using older editions of ABC is fine.

² Throughout the semester, we encourage you to keep current with economic news, as we will discuss some of them in class. A subscription to The Financial Times, The Wall Street Journal, The Economist, or a close substitute is recommended.

- Global Analysis Project (GAP) Details
- Your Grades

All official announcement regarding the class will be done via Canvas.

We will be using [Ed Discussion](#) for class discussion. The system is highly catered to getting you help fast and efficiently from classmates, the TAs, and ourselves. Rather than emailing questions to the teaching staff, we encourage you to post your questions on Ed Discussion. Students **are not allowed** to post on Ed Discussion on exam days. Find our class page via Canvas.

More sensitive questions that you don't want shared with others are of course welcome over email. *Please let us know of any difficulties you may be having with the course as soon as possible.* These difficulties may arise from the course itself, or external forces (e.g., other courses, personal issues). Regardless of the source, let us know *as soon as possible* so we can work together to avoid larger problems later. Wharton and the University offer a wide range of support services that are geared towards helping students.

During classes, we will be using [PollEverywhere](#). This is a platform in which you will answer multiple choice questions on class material. Participating in polls count towards your participation grade. The goal of the questions is to provide you practice and help us gauge the understanding of the material. Therefore, participation rather than correctness of answers is what counts towards your grade. To participate, you'll need to have a phone or laptop handy in-class. You'll need to have an account at PollEverywhere.

3. Grading

The final grade for the course is based on:

Exams:	60%
Problem sets:	20%
GAP Project:	10%
Class participation:	10%

Exams

There is a Midterm exam and a Final exam during finals week

Midterm: February 28th at 7pm (Lectures 1 to 13)

Final: TBA (Lectures 1 to 28)

See the Class Schedule for additional details on the material covered in each Exam.

The weight of the midterm exam is 40% (24% of the final grade of the class) and the weight of the final exam is 60% (36% of the final grade of the class).

Departmental policy says:

There are only a few valid excuses for missing an exam. They are:

- Documented illness/health emergencies
- Religious observance
- Documented disabilities that allow you to take the exam under other circumstances
- A death in the family

Examples of reasons that are *not* valid for missing an exam are:

- Job interviews
- Job internships

If you are unexpectedly ill at the time of the exam and unable to reach the instructor ahead of time, then you can give notification and documentation of your illness as soon as you are able. Do not take an exam if you are ill and then expect to have an opportunity to retake the exam because you were ill the first time and did poorly.

Any request for a required make-up exam or for disability accommodations must be made at least one week before the exam. In case of serious illness on exam day, you must notify the professor before the exam begins, and provide official documentation from a doctor as soon as possible afterwards.

The exams are “closed book”. That is, you are not allowed to bring any material to the exam.

Problem sets

There will be six graded problem sets. Homework is due via Canvas and may have a separate written component. **Problems will be posted on Canvas at least one week before the due date.** You will get long problem sets with a varying degree of difficulty in questions, whose purpose is to make you think about economic theories and applications. You will get both theoretical and empirical questions. Some problem sets are fairly long: prepare to spend time on them.

Each problem set will be worth 40 points, giving you the possibility of accumulating 240 points across six problem sets. The moment you accumulate 200 points, you will get the full 20% grade for the homework. For example, if you solve 3/4 of the questions in HW1, submit it by the deadline. You'll accumulate 30 points (3/4 of 40) towards your goal of 200.

Any score below 200 will be prorated. Ex: 150 points will give you 15%, any score above 200 will be capped at 20%. Ex: 210 points will still give you 20% towards your final grade. You may not redistribute excess homework score towards other parts of the grading.

Because of this flexibility, late submissions are **NEVER** accepted, and we will not regrade homework questions, unless a glitch appears in the software *that affects everyone*. If you can't access the homework, you have to solve that problem in advance to be able to submit your homework in a timely manner. Please do not send the professors or TAs screenshots of why you couldn't access the website, etc.

Class Participation

10% of the final grade will be based on class participation. Participating in all lectures will grant students the full class participation grade. Participation does not mean just attending the lecture but also to be an active member of the class – answering live poll questions, asking questions in class, and submit in-class exercises. If something prevents you from attending any specific lecture, you should email the professor in advance.

Global Analysis Project

The Global Analysis Project (GAP) is a group assignment promoting teamwork and communication, near the end of the semester. A list of important economic events will be provided to you and once you submit your choice of team members, you will choose your economic event.

4. How to Study

- *Before class:* Read required readings.
- *After class:* Re-read your notes within 24 hours to make sure you understood the lecture. You are encouraged to read the book chapters of the material we covered in class. Post questions via **Ed Discussion** on topics that need additional clarification. Reading and answering other students' questions is a great way to deepen your knowledge on class material. You can work in groups on the problem sets, but make sure that you spend time by yourself before you meet your study partners. Even if you prefer to work on your assignments in groups, every problem set must be individually written and submitted.
- *On a weekly basis:* Attend recitations and office hours. Weekly recitations will be crucial in preparing you for exams.
- *Throughout the semester:* Make it a habit to follow economic & financial news.
- In Finance 1010, you'll have to do a lot of reading / studying on your own. Prepare to spend time on this class.

5. Whom to Contact / Additional Resources

- To *join a section* or *change sections* or *waitlists*: Stacy Franks is the Undergraduate Coordinator in the Finance department (stacyf@wharton.upenn.edu). You can also email fnce-courses@wharton.upenn.edu (emailing the professor only delays the department's response).
- For problems relating to access to *Canvas*: Go to <http://www.library.upenn.edu/courseware/> and click "Support for Students".
- For *MyEconLab* software/technology related questions: the Pearson Help Center: 800-677-6337.
- For *class material* (problems, math, graphing, concepts): Contact a Finance 101 TA during office hours or recitations. Attend office hours. Attending office hours and being present and asking questions in class are the best ways to learn. Sending emails about graphs or mathematical material or general concepts is not the best way to learn.
- *Special needs/arrangements*: Reasonable accommodation will be made for those with special needs. Please contact Student Disability Services (SDS) and Prof. Bornstein.

6. Policies

a. Late/missed work

No late problem set submission is accepted. No make-up for problem sets will be provided. No extra credit assignments for missed homework will be provided.

b. Regrading requests

Every exam will have its own grading policy published on Canvas for maximum transparency. Check your grading scheme against the policy. For the exams, requests must be made within one week from the date that the exam is returned (whether or not you actually pick up your exam on that date).

For each part of the exam that you think was incorrectly graded, give a written explanation of your view: The written explanation should detail why your grading is inconsistent with the policy. You must submit the **entire exam for a regrade**. Your score can go **down or up** as a result of regrading.

c. Integrity

Penn has a clear Code of Academic Integrity. It's your responsibility to familiarize yourself with the code, and to follow it to the letter: [http://www.upenn.edu/provost/PennBook/academic integrity code of](http://www.upenn.edu/provost/PennBook/academic%20integrity%20code%20of)

d. Fairness

All rules in this class, including those of attendance and grading implicitly involve flexibilities, and furthermore, these flexibilities are equally applied to everyone. No one will be punished for being busy or sick for a few times during the semester. Because of this embedded flexibility, further pleas for exceptions or extensions will not be entertained. Use this flexibility wisely: Keep them for a true emergency, so that should an unforeseen event occur, you do not have to think about Finance 101.

CLASS SCHEDULE				
Week	Lecture	Date	Topic	ABC Chapter
1	1	12-Jan	Introduction and Overview of FNCE 101	
2	2	17-Jan	Measuring Economic Activity	2.1-2.2
2	3	19-Jan	Price Indices and Inflation	2.4-2.5
3	4	24-Jan	Aggregate Production and Labor Demand	3.1-3.2
3	5	26-Jan	Labor Supply, Labor Market Equilibrium, and Unemployment	3.3-3.6
4	6	31-Jan	Consumption-savings decision	4.1
4	7	2-Feb	Investment and Goods Market Equilibrium	4.2-4.3
5	8	7-Feb	Money and Household Portfolio	7.1-7.2
5	9	9-Feb	Money Demand and Asset Market Equilibrium	7.3-7.4
6	10	14-Feb	The Fed and Monetary Policy Transmission	14.1-14.3
6	11	16-Feb	Unconventional Monetary Policy Tools	14.4
7	12	21-Feb	The Phillips Curve	12
7	13	23-Feb	Review Session	
8	14	28-Feb	Midterm	
8	15	2-Mar	Business Cycle Facts	8.1-8.4
9	No class	7-Mar	<i>No class (spring break)</i>	
9	No class	9-Mar	<i>No class (spring break)</i>	
10	16	14-Mar	Setting Up the IS-LM Model	9.1-9.3
10	17	16-Mar	Equilibrium, Analysis, AD-AS	9.4-9.6
11	18	21-Mar	Real Business Cycles	10.1-10.3
11	19	23-Mar	Price Rigidities and Monetary Policy	11
12	20	28-Mar	Liquidity Trap and Review of Closed Economy Macro	
12	21	30-Mar	Open Economy: Introduction and Balance of Payments	5.1-5.4
13	22	4-Apr	Exchange Rates Determination	13.1-13.2
13	23	6-Apr	The Mundell-Fleming Model (IS-LM Open Economy)	13.3
14	24	11-Apr	The Mundell-Fleming Model (IS-LM Open Economy)	13.4-13.5
14	25	13-Apr	Financial Crises	
15	26	18-Apr	Global Analysis Project Presentations	
15	27	20-Apr	Global Analysis Project Presentations	
	28	25-Apr	Review Session	

Homework Information

Problem sets are completed on the Canvas website.

- You can work on the assignment and save your progress, but you must submit before the due date.
- You may work together for the homework, but everyone needs to submit their own copy.
- After submitting the homework, you will immediately get your grade and see which questions you got right. You will have a second attempt to submit answers to the questions in which you were wrong. If you get the right answer on the second attempt, you will obtain $\frac{1}{2}$ credit for that question.
- Late homework is not accepted.

	Coverage	Due Date All homework due at 9 am
HW 1	Chapters 2,3	01/30
HW 2	Chapters 4,7	02/13
HW 3	Chapters 12,14	02/27
HW 4	Chapters 8,9	03/20
HW 5	Chapters 10,11	04/03
HW 6	Chapters 5,13	04/17

Global Analysis Project

The goal of the Global Analysis Project (GAP) is to use the economic models learned in class to provide an analysis of the causes and consequences of real economic events both in the US and across different countries. A list of economic events will be provided by the professors and the groups of five will choose one of these events.

The GAP consists of a 7-minute presentation + 3-minute Q&A that will be presented live to the class towards the end of the semester. The presentation contains:

- **Economic background:** economic background on the country's economy and the context of the economic event.
- **Analysis:** description of the unfolding of the event. This section should include an analysis based on the tools and models learned in the class.
- **Policy:** discussion of policy proposals to address the economic event. This section should also analyze policies which were implemented during the event.

You should work on the GAP in groups of six students.

We will discuss in more details the exact format of the GAP later in the semester.