

FINANCE 615
Introduction to Macroeconomics and the Global Economic Environment
2018/2019

Professor Joao F. Gomes

Office: 2329 Steinberg Hall-Dietrich Hall

Hours: Tuesday 14:00-15:00

Email: gomesj@wharton.upenn.edu

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 prolonged low interest rate environment and its impact on asset values.

Important: Finance 615 **DOES NOT COUNT** towards the Finance major. Students majoring in Finance or seeking greater exposure to the theoretical concepts covered in class are directed to take FNCE 613 instead.

COURSE FORMAT

This is a core course. As such it is organized around twice a week lectures. Each lecture lasts for one hour and twenty minutes and is generally divided into two parts. The first part develops a suitable theoretical model that help students frame a key current policy topic which is then discussed in the second part of the session. The final class integrates all the concepts discussed to examine the current outlook for the global economy.

MATERIALS AND INFORMATION

The Canvas [website](#) is the primary information source for the class. It contains lecture slides, links to assigned readings, quizzes, and other useful information. You should check it regularly. The website can also be used 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 Penn's Canvas [support service](#).

Most of the course is taught with lecture notes. The notes provide the basis of the lectures but do not contain a complete account. Students are expected to supplement my notes with their own notes and any assigned readings and Canvas discussions. Lecture notes are available on the course website.

The recommended textbook is any *recent* edition of [*Macroeconomics*](#) by Abel, Bernanke and Croushore (ABC). It can be purchased or rented in electronic format at a reduced price. It is recommended that you supplement the lecture notes with the assigned readings from the textbook (see below). The book also includes many sample questions and study guides that help prepare for the exams.

COURSE ETIQUETTE

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.
- Cell phone should be turned off. Laptops and iPads are allowed **ONLY** allowed for **NOTE TAKING**.

EXAMS AND GRADES

Quizzes

There are two (optional) multiple choice quizzes. They are learning tools, designed to reinforce key concepts from class and to help you prepare for the exams. Each Quiz covers the material discussed up to (and including) the last class before its due date. As such they are cumulative.

Quizzes will be administered through Canvas. Due dates and times are indicated there. No late submissions or regrade requests will be accepted. If you miss a Quiz its weight is allocated to the final exam. **You can work on Quizzes with other students but you must submit your answers individually.**

Exam Information and Scheduling Conflicts

The date and location for the Final Exam will be posted on Canvas as soon as they become available. The *MBA Program Office* schedules the Final Exam. Only they are equipped to deal with any scheduling conflicts. Please note that I will always **ignore emails or questions** regarding exam scheduling. 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.*

Final Grades and the Role of Class Participation

The **baseline** final grade will be computed as follows

$$Q + E*(1 - Q/100)$$

- Q = 2 Quizzes @ 20 points each = maximum 40 points

- E = 1 Exam = maximum 100 points

This implies there is no penalty for a poor score on a Quiz. The final exam weight effectively varies between 60% and 100%, depending on the number of Quiz points you accumulate.

High quality class participation is taken into account for all marginal grades.

Office Hours, Teaching Assistants and Review Sessions

My office hours are on Tuesdays from 2:00pm to 3:00pm in SHDH 2329. In addition, you may email me at gomesj@wharton.upenn.edu to schedule appointments to talk at other times.

TAs will hold review sessions before Quiz due dates and the Final exam (location and time to be announced on Canvas). These sessions will be also recorded and made available on Canvas. Additional individual appointments with the TAs can be scheduled via email. TA email addresses will also be on Canvas.

TOPICS AND READINGS

Class	Topic	Reading
1	Introduction; Global Macroeconomic Challenges	
2	How are we Doing? Measuring the Macroeconomy	ABC (Sec. 2.1-2.4)
3	Running out of Ideas? The Productivity Decline	ABC (Sec. 3.1, 6.1)
4	Older or Lazier? The Changing Labor Force	ABC (Sec. 3.2-3.5)
5	Why Are Firms Not Investing? Saving and Investment	ABC (Sec. 4.1-4.3)
6	Is China Starving? Trade Imbalances	ABC (Sec. 5.1-5.3)
7	Is a Recession Coming? Economic Booms and Busts	ABC (Sec. 9.1-9.2)
8	What is Money? Money and Finance	ABC (Sec. 7.1, 7.3-7.4)
9	How High Will Interest Rates Go? The Monetary Policy Outlook	ABC (Sec. 9.3-9.5)
10	Currencies and Trade Wars: Policy in an Open Economy	ABC (Sec. 13.1-13.3)
11	Growth and Redistribution: Taxes and Debt in the 21 st Century	ABC (Sec. 15.1-15.3)
12	What's Next? The Global Economic Outlook	-