

Macroeconomics and the Global Economic Environment (FNCE 6130)

Preliminary Syllabus

Fall 2024

Instructor Thomas Winberry, twinb@wharton.upenn.edu

Teaching Assistants We have four TAs for our course:

- Alberto Gil Ibanez, agili@wharton.upenn.edu
- Jiacheng Li, jl10727@wharton.upenn.edu
- Yiwen Lu, yiwelu@wharton.upenn.edu
- Chisom Onyishi, sovemba@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 The midterm and final exams will be administered in person during the scheduled exam times. These times are set by the MBA program office.

- Midterm exam: October 9th, 7pm-9pm.
- Final exam: December 9th, 9am-11am.

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 edition or later. 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 extra credit student presentations.

Lectures Our course is primarily lecture based. Lectures will teach new economic concepts and apply those concepts to economic issues. A large component of lectures will be class discussions about these real-world applications.

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

Guest Lectures We will have three guest lectures this semester:

- September 10th: Judd Cramer, lecturer at Harvard University, will discuss inflation measurement and other macro data.
- October 1st: Sara Devereux, head of Vanguard's fixed income group, will discuss investing and macro risk.
- October 31st: Kent Smetters, Faculty Director of the Penn-Wharton budget model, will discuss the quantitative evaluation of macro policy proposals.

Due to the guest speakers' time constraints, the guest lectures will be held during the 10:15am-11:45am time slot only. Students from the 8:30am-10:00am section are encouraged to attend, but attendance is not required.

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 roughly 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 5th, 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 covering material related to the macroeconomic model we develop. Their purpose is to give you an incentive to

not fall behind on the model material. Quizzes are closed book and you must take them alone.

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

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.

Extra credit student presentations The class meeting on November 26th will be devoted to extra credit group presentations. I will solicit proposals for these presentations in the middle of the semester and select up to five groups to present. The goal of these presentations is to educate yourself and the rest of the class about a topic that interests you. The reward for the presentation is up to 5% extra credit toward your final grade. Your presentation group must contain 2-4 students from your class section, but does not need to be your assignment group. The presentations must be given in person during the scheduled class time and all group members must be present.

Attendance We will take attendance using the aPlus+ Attendance app. The app requires you to scan a QR code inside the classroom. Therefore, you must come to class on time to receive attendance credit. More details will be provided on the first day of class.

You are allowed two unexcused absences without affecting your grade. Absences will only be excused according to the Wharton MBA Program Attendance Policy:

<https://mba-inside.wharton.upenn.edu/wharton-mba-academic-policies/>. I will adhere to the following guidance from the attendance policy:

Wharton's policy is that only personal illness and personal or family emergencies are excused absences. If a student needs to miss several classes for these reasons, an academic advisor will follow up with them and request documentation. Religious holidays during which classes are scheduled may be excused for observant students. Conflicts due to job interviews, career pursuits, weddings, personal and professional commitments, or travel are not appropriate reasons to request an excused absence.

Class Recordings Class recordings will not be released to students for any reason, including excused absences.

3 Grading

Your grade will be determined by four components: attendance, assignments/quizzes, exams, and the extra credit class presentation (if applicable).

- 15% from attendance. You are allowed two unexcused absences without affecting your grade.
- 25% from assignments and quizzes. I will drop the lowest assignment or quiz.
- 60% 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 optimal. 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 second half of the course.
- Up to 5% extra credit from in-class presentation.

Exam details Exams will be administered in person during the scheduled exam times set by the MBA program office. 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 27th	Welcome to macroeconomics	
2	August 29th	Macro data	
3	September 3rd	Macro data	
4	September 5th	Growth and technological progress	Assignment 1 due Sep. 10th, 8am
5	September 10th	<i>Guest lecture:</i> Judd Cramer, Harvard (10:15am-11:45am)	
6	September 12th	The labor market	
7	September 17th	Long-run macro trends	
8	September 19th	Long-run macro trends	Quiz 1 due Sep. 24th, 8am
9	September 24th	Consumption and savings	
10	September 26th	Capital investment	Quiz 2 due Oct. 1st, 8am
11	October 1st	<i>Guest lecture:</i> Sara Devereux, Vanguard (10:15am-11:45am)	
12	October 8th	Midterm review and Q&A	
<i>Midterm exam, October 9th, 7pm-9pm</i>			
13	October 22nd	Fiscal policy	
14	October 24th	The government spending multiplier	
15	October 29th	Money and the Federal Reserve	
16	October 31st	<i>Guest lecture:</i> Kent Smetters, Wharton (10:15am-11:45am)	
			Assignment 2 due Nov. 4th, 11:59pm
17	November 5th	Macroeconomic equilibrium	
18	November 7th	Macro policy tools	Quiz 3 due Nov. 12th, 8am
19	November 12th	Business cycles	
20	November 14th	Business cycles	
21	November 19th	Macro policy in practice	
22	November 21st	International macro	Assignment 3 due Nov. 26th, 8am
23	November 26th	<i>Extra credit student presentations</i>	
<i>Thanksgiving break</i>			
24	December 3rd	Final review and Q&A	
<i>Final Exam, December 9th, 9am-11am</i>			