DEPARTMENT OF INTERNATIONAL BUSINESS

COURSE NUMBER: PMBA 6243

COURSE TITLE: Macroeconomics for the Global Economy

COURSE PREREQUISITE: MBAD 6242 Microeconomic for the Global Economy.

COURSE DESCRIPTION: This course will teach students to assess macroeconomic developments with a unified framework. The course is a mixture of macro theory and real-world applications. A wide range of topics includes the role of fiscal and monetary policies in stabilizing the economy, the relationship between inflation and unemployment, the determination of interest rates, and the global financial crisis. International macroeconomics will be given special attention, such as the monetary and fiscal policies in an open economy, deficits and debts, and the European Monetary Union.

PROFESSOR: Wenjie Chen, Ph.D.
Assistant Professor of International Business

CLASS MEETING TIME AND PLACE:
Fall 2011, second half
Section 10: Thursdays at 7:10 – 9:40 pm, Funger 221
Section 11: Wednesdays at 7:10 – 9:40 pm, Duques 255

OFFICE: 2201 G St. N.W., Funger Hall 401Q, Washington, DC 20052
Tel: (202) 994-3275 Fax: (202) 994-7422
E-mail: chenw@gwu.edu

OFFICE HOURS: Thursdays, 4:00 – 6:00pm and Fridays 5:00 - 7:00pm, immediately before and after classes, and by appointment


Cases can be purchased on http://www.study.net.
Financial Times, Wall Street Journal, The Economist (highly
recommended to keep up with current events)

There are also several excellent blog sites that provide up-to-minute macro and financial news analysis, for example:

http://delong.typepad.com/
http://gregmankiw.blogspot.com/
http://macroblog.typepad.com/macroblog/
http://www.econbrowser.com/
http://macromarketmusings.blogspot.com/
http://www.rgemonitor.com/

The WSJ’s 2010 “best economics blog” list is at:

BLACKBOARD: Blackboard (http://www.blackboard.gwu.edu/) will be used to distribute course materials and help course administration. Registered students are required to visit Blackboard (BB) for the course on a regular basis before and after each class during the semester. Lecture notes will be posted before the class. I will also post links to articles for you to read from one of the above news outlets that pertain to the material in class. If you don't want to buy a subscription, please familiarize yourself with the Gelman library access to these articles. These readings are fair questions for exams and quizzes.

COURSE OBJECTIVES:

The basic objective is to enhance the ability of the student to a) understand media accounts of macroeconomic developments and be able to comment intelligently on global economic events; b) evaluate macroeconomic concepts such as unemployment, inflation, output, wages, interest rates, and exchange rates; c) incorporate macroeconomic perspectives into decision making process of a firm; d) work with macroeconomic data and e) use macroeconomic tools to evaluate fiscal and monetary policies and their effects on macroeconomic variables.

EVALUATIONS:

Grading for the course will be based on the following:

<table>
<thead>
<tr>
<th>Component</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Quizzes</td>
<td>25%</td>
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<tr>
<td>Homework</td>
<td>25%</td>
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<tr>
<td>Final Exam</td>
<td>50%</td>
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<td>Total</td>
<td>100%</td>
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GRADING PARAMETERS

The MBA Faculty Task Force recommends that the grade distribution of the class have an average between 3.2 and 3.4 and no more than 20% of the class receive As and A-s.
Students should expect a 3.3 (B+) as an average grade.

1. Quizzes

There will be four unannounced quizzes during the quarter. Students will have 15 minutes at the beginning of class to write an answer to question(s) based on the previous class lecture and discussion. The lowest of the three quiz scores will be eliminated, however, there will be no make-up quizzes. Students are not allowed to take quizzes (and exam) in sections other than the section they are officially enrolled. Quizzes are never re-graded, unless there is an obvious mistake on my part (e.g., adding up scores incorrectly). However, it is ok (and even encouraged) to ask why a particular answer is the correct answer in a quiz question, provided you have read the answer key.

2. Homework

There will be six homework assignments, which have to be completed on blackboard. Homework assignments are to be submitted at a given deadline beyond which blackboard will not accept further submissions. The questions will cover material from class and are a good exercise for the final exam.

3. Final Exam

The final exam will cover all material contained in the lectures, class discussions and assigned readings (including handouts). Absences from the final exam is allowed only for validated medical reasons. Unexcused absences from the final exam will result in a zero score in the calculation of the final grade. Scheduling conflicts with exam dates must be cleared well in advance with the instructor.

4. Class Participation

Participation is not graded. However, participation is highly valued and to encourage participation I adopt the following policy. I can increase your grade if you are at the margin and if you have been active in class discussions, but I will not decrease your grade if you never talked or if your comments were totally off. Such grade increases due to participation are not negotiable.

ADDITIONAL COURSE POLICIES

Cell phones and Laptops
Please turn off your cell phone during class. It is distracting and disrespectful to your classmates and to me. Laptops may be used in class only when required for the class session. When not in direct use, the screen should be closed. Checking email or surfing the Internet during class is unacceptable. I expect complete participation of the student when in class. The exception to this policy is if you are using the laptop to take notes or if the laptop is otherwise necessary for your
learning needs. In this case, please come and talk to me before or during the first class.

Course Grievance Procedures
The grading policy of this course is not open to negotiations. However, if you feel that a grade you received is unfair, you are required to voice your opinion to me personally within 3 days after the graded work is returned - not the date you first look at it. The appeal should include a description of the question(s) that need to be reexamined as well as an explanation of why the original grade was incorrect. In general, the entire document will be checked for grading errors, and correcting these could either raise or lower the overall score.

Student Disabilities
Any student who feels s/he may need an accommodation based on the impact of a disability should contact the instructor privately to discuss specific needs. Please contact the Disability Support Services office at 202-994-8250 in the Marvin Center, Suite 242, to establish eligibility and to coordinate reasonable accommodations. For additional information, please refer to: http://gwired.gwu.edu/dss/.

Academic Integrity
Academic dishonesty is defined as cheating of any kind, including misrepresenting one’s own work, taking credit for the work of others without crediting them and without appropriate authorization, and the fabrication of information. A full discussion of academic integrity can be found at: http://www.gwu.edu/%7Entegrity/code.html. Academic dishonesty of any kind will not be tolerated in this class.
## PMBA 6243 Macroeconomics for the Global Economy

**Module 1: Classical Theory: Economy in the Long Run**

**Learning objective:**
- ✓ Familiarize with terms like GDP, money, inflation, unemployment, circular flow
- ✓ Understand the classical model of the real side of the economy
- ✓ Learn concepts of quantity theory of money, the open economy and exchange rates

<table>
<thead>
<tr>
<th>Session</th>
<th>Date</th>
<th>Topics</th>
<th>Preparation Material</th>
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<tbody>
<tr>
<td>1</td>
<td>26/27-Oct</td>
<td>Introduction, Macroeconomic Data, Determinants of Total Production in Goods and Services</td>
<td>Ch 1, 2, 3</td>
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<tr>
<td>2</td>
<td>2/3-Nov</td>
<td>Money and Inflation, The Open Economy</td>
<td>Ch 4, 5</td>
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<tr>
<td>3</td>
<td>Makeup Session</td>
<td>Guest Lecturer: Chaitan Kansal, A.T. Kearney (DUQ 255)</td>
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**Module 2: Business Cycle Theory: The Economy in the Short Run**

**Learning objective:**
- ✓ Study short-run fluctuations, sticky prices, and the aggregate demand - aggregate supply model
- ✓ Introduce the IS-LM model
- ✓ Use the IS–LM model to show the short-run effects of fiscal and monetary policies on output and the interest rate when prices are fixed

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<thead>
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<tbody>
<tr>
<td>4</td>
<td>9/10-Nov</td>
<td>Business Cycles, Aggregate Demand and Supply, IS-LM Model</td>
<td>Ch 9, Ch 10</td>
</tr>
<tr>
<td>5</td>
<td>16/17-Nov</td>
<td>Applying the IS-LM Model, Aggregate Supply and the Short-Run Tradeoff between Inflation and Unemployment</td>
<td>Ch 11, Ch 12 (if time allows)</td>
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<td></td>
<td>23/24-Nov</td>
<td>Thanksgiving Break</td>
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## Module 3: Macroeconomic Policy Debate a

### Learning objective:
- ✓ Evaluate stabilization policies
- ✓ Study various concepts and views of government debt and budget deficits
- ✓ Introduce the financial system and discuss financial economic crises

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<th>TOPICS</th>
<th>PREPARATION MATERIAL</th>
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<tr>
<td>6</td>
<td>30-Nov/1-Dec</td>
<td>Stabilization Policy, Govt Debt and Budget Deficits, Intro to Financial System</td>
<td>Ch 13, 14, 15</td>
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<td>7</td>
<td>7/8-Dec</td>
<td>Asset Prices and Interest Rates, Banking, Financial Crises</td>
<td>Ch 16, 18, 19</td>
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<td>8</td>
<td>14/15-Dec</td>
<td>FINAL EXAM (usual classroom and time)</td>
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