

**B6201: GLOBAL ECONOMIC ENVIRONMENT
FALL 2022**

Professor John McDermott

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Office Location: 1185B

Office Hours: Friday 1:00-2:00 PM, Room TBA
(Email for Zoom option)

Course Assistant

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Office Hours: TBA

Review Session: TBA

Communications from professor and teaching assistants about the course will take place through Canvas.
Students should make sure they regularly check for announcements and messaging notifications.

COURSE DESCRIPTION

Economics is the "Lingua Franca" of business. This is a course in applied macroeconomics. Its goal is to develop a solid understanding of the external, economy-wide factors that affect the performance and management of firms in today's global economy. Some of the questions that we examine include: Why are some countries doing so much better than others? What leads to persistent inflation and how can hyperinflation arise? What are the causes and consequences of global imbalances? What determines exchange rates? What causes business cycles and what is the role of monetary policy?

To address these questions, we develop a conceptual framework that allows us to understand the various interactions between key macroeconomic variables such as real output, economic growth, unemployment, inflation, interest rates, exchange rates, and the current account balance.

Since an important goal of this course is for students to become informed and sophisticated consumers of economic news, the issues discussed in this course draw heavily from current events and real-world examples.

The course objective is to acquire a solid theoretical and applied understanding of the economy and the economic environment in which firms operate. To develop a critical and sophisticated view of economic policy questions.

REQUIRED COURSE MATERIALS

Required Reading: Vincent and Yared's book and various cases available on Canvas.

Handouts: Various handouts will be distributed throughout the semester (in online format) to supplement the material covered in the book. These include class notes, supplemental readings and newspaper articles.

In addition, you are encouraged to read the economics pages of at least one of the following publications on a regular basis:

[The Economist](#)

[The Wall Street Journal](#)

[The Financial Times](#)

[The New York Times](#)

Friday Review Sessions

During these sessions, the TA will review key concepts seen in class and go over some of the homework problems. You should email the TAs in advance if you would like them to go over specific topics.

Review sessions will be recorded and available on Canvas.

Student debates

Over the course of the term, there will be six debates, and in each debate, two student groups will analyze a topic related to the course. They will take a pro or cons position with respect to the topic under debate. There will be a 20-minute debate in class, during which each group will present its position in 3 minutes, each group will then respond to the points of the rival group for 2 minutes, and this will be followed by a 10 minute class discussion. The students have been assigned to groups, where each group corresponds to a topic and a position. The schedule, groups, list of topics, as well as background material and guidelines for the preparation of the presentation can be found on the course homepage. **Exactly one slide per team with legible font and background. Slides must be emailed to the professor by 11:59pm the day before the debate.**

Cases

There are two case assignments, which consists of questions to be submitted online. These will be done **in your learning team**, with **answers submitted individually** online by each team member. **Cases must be submitted by 8:30 am the morning of the relevant session.** There will be no credit for late submissions. All group members should be prepared to discuss the answers in class.

Problem sets

With the goal of providing you with a better understanding and a greater appreciation of the concepts and tools covered in this course, there are five short problem sets, and there will be one due approximately every week. These problem sets are multiple choice questions. These should be done independently (assignment type C). The problem set with the lowest grade will be dropped. Important note: **You must submit these by 11:59 p.m. the night of the due date. There will be no credit for late submissions.**

Class Participation

We expect you to come to class prepared to class with assigned readings. Your active participation is a natural part of the classroom experience. It is less important whether you give the right or wrong answer, and more important whether you contribute with questions, comments, and answers in response to classroom discussion. **Please remember to always bring your name tag to class.**

Final Examination

All exams will be closed book. However, one double-sided (8 1/2"-11") "cheat-sheet" will be allowed. This "cheat sheet" may contain any notes you choose to write on them. The final exam will be all digital and administered online. Its contents will be designed to be completed in 90 minutes, with 15 minutes left to resolve technical difficulties, if there are any. The final exam will not be returned but will be available for reviewing after the end of the semester.

Grading Scheme

Student Debates: 10%

Cases: 15%

Problem Sets: 25%

Class Participation: 10%

Final Examination: 40%

Columbia Core Culture

The purpose of the Columbia Core Culture is to promote a consistent classroom environment of mutual respect, preparation and engagement. Our expectation of you in class is to be:

Present. Your success depends on being on time and present for the entire class every session. Attendance will be part of your grade for class participation.

Prepared. Bring your nameplate if you are in person and complete any pre-work needed for class discussion. Expect the professor to cold call-in class.

Participating. We aim to create an inclusive and welcoming environment for class discussion. This is easier if all students have their cameras on to the extent personal circumstances allow.

COURSE ROADMAP/SCHEDULE

Session	Topic(s)	Required Pre-Readings	Assignments Due (Type)
Module 1: Economic Growth			
1	Introduction. National Accounts	Vincent and Yared Chapter 1	
2	Growth Accounting	Vincent and Yared Chapter 2	
3	Convergence	Vincent and Yared Chapter 2	<p><i>Presentation 1:</i> Does France Have a Higher Standard of Living than the US? (A: Group)</p> <p><i>Case:</i> The Solow Model Unleashed: Understanding Economic Growth. Due: Response to case questions (A: Group)</p>
4	Productivity	Vincent and Yared Chapter 3	<p>Due: Problem Set 1 (C: Indiv)</p> <p><i>Presentation 2:</i> Will China Grow Faster than India over the Next 20 Years? (A: Group)</p>
5	Labor Markets	Vincent and Yared Chapter 4	<p>Due: Problem Set 2 (C: Indiv)</p> <p><i>Presentation 3:</i> Will global productivity growth be faster in the next 20 years than it was in the past 20 years? (A: Group)</p>
Module 2: Business Cycles			
6	Recessions and Recoveries	Vincent and Yared Chapter 5	
7	Monetary Policy	Vincent and Yared Chapter 6 <i>Case:</i> Janet Yellen and the Bernanke Fed (read only)	<p>Due: Problem Set 3 (C: Indiv)</p> <p><i>Presentation 4:</i> Should the US Adopt Universal Basic Income? (A: Group)</p>
8	Exchange Rates	Vincent and Yared Chapter 7	<i>Presentation 5:</i> Is US Monetary Policy Too Expansionary? (A: Group)

9	Hyperinflation	Vincent and Yared Chapter 8 Case: Breaking Bad (read only)	Case: Reducing Inflation in Argentina: Mission Impossible? Due: Response to case questions (A: Group)
Module 3: Global Imbalances			
10	Fiscal Policy and Debt	Vincent and Yared Chapter 9 Case: The Obama Stimulus (read only)	Due: Problem Set 4 (C: Indiv) <i>Presentation 6: Will the Euro Survive as a Currency in the Next 20 Years? (A: Group)</i>
11	Global Capital Flows I	Vincent and Yared Chapter 10 Bernanke blog post (read before class)	
12	Global Capital Flows II		Due: Problem Set 5 (C: Indiv)
(Non-Mandatory) Review Session December 9			
Final Exam December 16			

ASSIGNMENTS

All of your assignment submissions are subject to the [CBS Honor Code](#). Violations of the CBS Honor Code may lead to failing the assignment, failing the course, suspension, and/or dismissal. In order to avoid ambiguity that may lead to unintentional violations of the Honor Code, assignment description types have been standardized and specified below.

<u>Type</u>	<u>Designation</u>	<u>Grade</u>	<u>Preparation of submission</u>	<u>Discussion of Submission*</u>	<u>Discussion of Concepts**</u>
A	Group Work	Same grade for all group members	By the group	Permitted to discuss (within group)	Permitted
B ¹	Individual w/ Discussions of Concepts and Submission	Individual grade	Individual preparation	Permitted to discuss; sharing solutions or submission files is not allowed	Permitted
B ²	Individual w/ Discussions of Concepts Only	Individual grade	Individual preparation	Not permitted to share/discuss solutions or submission	Permitted
C	Individual	Individual grade	Individual preparation	Not permitted to share/discuss solutions or submission	Not permitted***

* The designated group can be either an assigned study group or a self-selected one.

* Submission means any work and/or output pertaining to the specific assignment. If an assignment submission contains a calculation or decision related to a specific set of data and setting, discussing the details how to make this calculation or decision with regard the data/setting is to discuss the submission. Providing another student with a draft of the calculation or decision is sharing the submission.

** Concepts mean any ideas, examples, readings, or other related materials from the class/course. Conceptual discussion should not be based on a specific set of data or setting related to a calculation or decision required in the assignment, but could be based on other related examples, preferably those from class/course materials.

*** As no conceptual discussion is permitted, Type C is akin to a take-home exam.

ATTENDANCE POLICY

Students are required to attend each class. Students should reach out to the [Office of Student Affairs \(OSA\)](#) by using Core Absence Form on this course's Canvas page regarding excused absences (for religious observances; personal, medical, and family emergencies; military service; court appearances such as jury duty). Unexcused absences will affect your course grade as follows:

- Students that miss more than **33%** of their classes (unexcused absences) will at most receive a **P for the course grade**
- Students that miss more than **50%** of their classes (unexcused absences) will receive a **F for the course grade**

In addition to the effect on your final course grade, absences may also affect your final exam grades as follows:

- Students that miss the exam for an **excused** reason but are unable to take the exam within the stated make-up period will receive a **zero for the final exam grade**
- Students that miss the exam without notifying OSA (**unexcused**), will receive an **F for the course grade**

This course may use PollEverywhere as a tool to increase in-class student engagement. PollEverywhere may also be used to confirm student attendance and participation records.

If a student is absent from class and is allowed to attend a different cluster's class meeting, it is at the discretion of the faculty member to count responses to any polls presented during this time as attendance or participation.

Responding to a poll when not present in the classroom (either in person or online) is a violation of the Honor Code.

INCLUSION, ACCOMMODATIONS, AND SUPPORT FOR STUDENTS

At Columbia Business School, we believe that diversity strengthens any community or business model and brings it greater success. Columbia Business School is committed to providing all students with the equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability.

Columbia Business School will make reasonable accommodations for persons with documented disabilities. Students are encouraged to contact the Columbia University's Office of Disability Services for information about registration. Students seeking accommodation in the classroom may obtain information on the services offered by Columbia University's Office of Disability Services online at www.health.columbia.edu/docs/services/ods/index.html or by contacting (212) 854-2388.

Columbia Business School is committed to maintaining a safe environment for students, staff and faculty. Because of this commitment and because of federal and state regulations, we must advise you that if you tell any of your

instructors about sexual harassment or gender-based misconduct involving a member of the campus community, your instructor is required to report this information to a Title IX Coordinator. They will treat this information as private but will need to follow up with you and possibly look into the matter. Counseling and Psychological Services, the Office of the University Chaplain, and the Ombuds Office for Gender-Based Misconduct are confidential resources available for students, staff and faculty. “Gender-based misconduct” includes sexual assault, stalking, sexual harassment, dating violence, domestic violence, sexual exploitation, and gender-based harassment. For more information, see <http://sexualrespect.columbia.edu/gender-based-misconduct-policy-students>.