

B6201: GLOBAL ECONOMIC ENVIRONMENT

FALL 2022, 1.5 CREDITS

INSTRUCTOR

Professor John McDermott

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Review sessions: Fridays, 10:15-11:45am @ Kravis 440

Communications from the instructor 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.

STUDENT LEARNING OUTCOMES

The most important learning outcome of this course will be to introduce students to a range of fundamental concepts in macroeconomics as pertaining to business and the global economic environment. The skills learned in this class are designed to be helpful both in professional settings as well as in other settings that require basic macroeconomic literacy. Upon completing this course, students are expected to:

- Be conversant in basic macroeconomic topics that they may encounter in business and in the news
- Have a solid understanding of the foundations of modern macroeconomics
- Be able to spell out some of the implications of monetary and fiscal policy for business practices
- Show confidence in articulating their views on short-run and long-run macroeconomic outlooks
- Have the basic analytical tools and background to explore further topics in macroeconomics

CLASSROOM NORMS AND EXPECTATIONS

Core Culture

Students are expected to adhere to [CBS Core Culture](#) in this class by being Present, Prepared, Participating.

Inclusion, Accommodation, and Support for Students

At Columbia Business School we believe diversity strengthens any community or business model and brings it greater success. The school is committed to providing all students with 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.

Students with documented disabilities may receive reasonable accommodations. Students are encouraged to contact the Columbia University's Office of Disability Services for [information about registration](#).

Columbia Business School adheres to all community, state, and federal regulations as relate to Title IX and student safety. Read more about CBS' policies to support [Inclusion, Accommodations and Support for Students here](#).

Honor Code and Academic Integrity

The [Columbia Business School Honor Code](#) calls on all members of the School community to adhere to and uphold the notions of truth, integrity, and respect both during their time in school, and throughout their careers as productive, moral, and caring participants in their companies and communities around the world. All students are subject to the Honor Code for all of their academic work. Failure to comply with the Honor Code may result in [Dean's Discipline](#). Here you can review [examples of Academic Misconduct](#) which may result in discipline.

Course materials (videos, assignments, problem sets, etc.) are for your use in this course only. You may not upload them to external sites, share them with students outside of this course, or post them for public commentary without the instructor's permission.

Course Attendance Policies

Students from all programs should review and be familiar with the [MBA Core Attendance Policy](#) and the [Exam Policy](#). This course may use Poll Everywhere as a tool to increase in-class student engagement. Poll Everywhere 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.

METHOD OF EVALUATION

Student Debates	10%
Cases	15%
Problem Sets	25%
Class Participation	10%
Final Examination	40%

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

To provide 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.

COURSE ROADMAP/SCHEDULE

All 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. To avoid ambiguity that may lead to unintentional violations of the Honor Code, assignment description types have been standardized and specified below.

Session	Topic(s)	Required Pre-Readings	Assignments Due (Type)
Module 1: Economic Growth			
1 10/24/2022 (M)	Introduction. National Accounts	Vincent and Yared Chapter 1	
2 10/26/2022 (W)	Growth Accounting	Vincent and Yared Chapter 2	
3 10/31/2022 (M)	Convergence	Vincent and Yared Chapter 2	<i>Presentation 1:</i> Does France Have a Higher Standard of Living than the US? (A: Group) <i>Case:</i> The Solow Model Unleashed: Understanding Economic Growth. Due: Response to case questions (A: Group)
4 11/02/2022 (W)	Productivity	Vincent and Yared Chapter 3	Due: Problem Set 1 (C: Indiv) <i>Presentation 2:</i> Will China Grow Faster than India over the Next 20 Years? (A: Group)
5 11/07/2022 (M)	Labor Markets	Vincent and Yared Chapter 4	Due: Problem Set 2 (C: Indiv) <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)
Module 2: Business Cycles			
6 11/09/2022 (W)	Recessions and Recoveries	Vincent and Yared Chapter 5	
7 11/14/2022 (M)	Monetary Policy	Vincent and Yared Chapter 6 <i>Case:</i> Janet Yellen and the Bernanke Fed (read only)	Due: Problem Set 3 (C: Indiv) <i>Presentation 4:</i> Should the US Adopt Universal Basic Income? (A: Group)
8 11/16/2022 (W)	Exchange Rates	Vincent and Yared Chapter 7	<i>Presentation 5:</i> Is US Monetary Policy Too Expansionary? (A: Group)
9 11/21/2022 (M)	Hyperinflation	Vincent and Yared Chapter 8 <i>Case:</i> Breaking Bad (read only)	<i>Case:</i> Reducing Inflation in Argentina: Mission Impossible? Due: Response to case questions (A: Group)

Module 3: Global Imbalances			
10 11/23/2022 (W)	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?</i> (A: Group)
11 11/28/2022 (M)	Global Capital Flows I	Vincent and Yared Chapter 10 Bernanke blog post (read before class)	
12 11/30/2022 (W)	Global Capital Flows II		Due: Problem Set 5 (C: Indiv)
(Non-Mandatory) End-of-Term Review Session (Friday, 12/09/2022)			
Final Exam (Friday, 12/16/2022)			

REQUIRED COURSE MATERIALS

Required Readings

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

Handouts

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

Additional Readings

In addition, you are encouraged to read the economics sections of at least one – or, even better, two or more – of the following publications on a regular basis:

[The Economist](#)

[The Wall Street Journal](#)

[The Financial Times](#)

[The New York Times](#)

Review Sessions

During these sessions, the TAs 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. In addition to regular review sessions lead by the TAs, the professor will also hold an end-of-term review session that will go over the semester's main take-aways before the final exam.