

Global Economic Environment

B5201:001-002

Spring 2024

[Professor Dean Croushore](#)

Office Hours: by appointment; contact Dr. Croushore at dc2923@columbia.edu

General Course Information

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 are the causes of business cycle fluctuations and what are their implications for financial markets? What is the role of fiscal and monetary policy?

To address these questions, we develop a conceptual framework that allows us to understand the 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.

Course Objectives

To acquire a solid theoretical and applied understanding of the macroeconomy and its relationship to financial markets and the economic environment in which firms operate. To develop a critical and sophisticated view of economic policy questions.

Teaching Assistants

The two teaching assistants, who will be responsible for grading cases and exams, are:

xxx (email: xxx@gsb.columbia.edu)

yyy (email: yy@gsb.columbia.edu)

Course Materials

Textbook: Macroeconomics, 9th Edition, by Andrew Abel, Ben Bernanke, and Dean Croushore (Pearson, 2017), including MyEconLab Access.

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](#).

Course Requirements and Grading

Lectures

There will be 9 classes. See the tentative class outline below.

Review Session

Time and location: TBD

I will hold a review session just before the final exam, which will constitute an overall review of the material covered in the course and answer any and all questions relating to the course material.

Cases (Type A Assignment)

Two cases will be discussed during the semester. Case assignments will consist of reports or questions to be written up and handed in as well as questions to be prepared for general class discussion. These will be done in groups of **up to six students**. Only one write-up per group needs to be turned in via Canvas. Late cases will not be accepted. All group members should be prepared to discuss the answers in class.

Problem sets (Type B Assignment)

With the goal of providing you with a better understanding and a greater appreciation of the concepts and tools covered in this course, I will assign two problem sets. These will constitute a useful preparation for the exam. You will do these assignments in MyEconLab, not Canvas, so it is crucial that you get MyEconLab access. You may consult with your classmates about concepts for these problem sets, but each student must complete his or her own **independently written** answers (assignment **type B2**). No answers to problem sets should be exchanged physically or electronically. Late problem sets will not be accepted.

Exams

There will be a final examination. The final exam will take place on April 13 (check Canvas for rooms). This exam will be **closed book**, however two double-sided (8 ½"-11") "cheat-sheets" will be allowed. These may contain any notes you choose to write on them. Final exams will not be returned, but will be available for reviewing after the end of the semester.

Regrade policy: All requests for fixing grading errors must be submitted to me in writing within one week after the grades are posted, and must be very specific. If you ask to fix a grading error, we have the option to regrade your entire exam.

Grading

- **Final exam: 50%**
- **Problem sets: 20%**
- **Cases: 20%**
- **Class participation: 10%**

This course adheres to Columbia Core Culture. Students are expected to be:

Present:

On time and present for every session
Attendance tracked

Prepared:

Complete pre-work needed, expect cold calling
Bring nameplates and clickers

Participating:

Constructive participation expected and part of grade
No electronic devices unless explicitly called for by the instructor

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 Poll Everywhere as a tool to increase in-class student engagement. Poll Everywhere may also be used to confirm student attendance and participation records. Students who have concerns regarding whether their responses have been recorded should contact the instructor.

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.

Finally, if a student is not present in the classroom at the time of a poll (due to absences or any other reasons), the poll should not be answered. Responding to a poll when not present in the classroom 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>.

Class Schedule

Class#	Date	Course Topic	Read (prior to class)	Assignment Due
1	Friday, Jan. 25	Introduction: Economic output over time and across countries <ul style="list-style-type: none"> Measuring aggregate production and prices 	ABC 1, 2.1, 2.2, 2.4, 3.1	
2	Saturday, Jan. 26	Long Run Economic Growth: The Solow Model <ul style="list-style-type: none"> The production function Growth accounting The Solow model 	ABC 6.1-6.3, 3.2-3.5	
3	Saturday, Feb. 9	Saving and Investment <ul style="list-style-type: none"> Case: <i>The Solow Model Unleashed</i> Interest rates National and private saving Investment 	ABC 2.5, 4.1-4.3	Case 1: <i>The Solow Model Unleashed</i>
4	Friday, Feb. 22	Saving and Investment in the Open Economy <ul style="list-style-type: none"> Open economies Application: Global imbalances 	ABC 5	Problem set 1
5	Saturday, Feb. 23	The Asset Market <ul style="list-style-type: none"> Long-run determinants of inflation Hyperinflation: The experience of Argentina 	ABC 7	

6	Saturday, Mar. 9	Business Cycle Facts and the IS-LM-FE Model <ul style="list-style-type: none"> • Business cycle facts • The production function and the FE curve • Saving, investment, and the IS curve • The money market and the LM curve • General equilibrium 	ABC 8, 9.1-9.4	
7	Saturday, Mar. 23	The IS-LM-FE Model and the Effects of Monetary Policy <ul style="list-style-type: none"> • Effects of monetary policy • Adjustment to general equilibrium • Sources of business cycles • Inflation and unemployment: The Phillips curve 	ABC 7, 9.5-9.6, 10, 11, 12	Problem set 2
8	Friday, Apr. 5	Monetary Policy in Practice, Asset Prices and the Economy <ul style="list-style-type: none"> • Monetary policy as a stabilization tool • The yield curve and the economy • Stock, bond markets and the IS-LM-FE model 	ABC 14.1-14.2	
9	Saturday, Apr. 6	Financial Markets and Macroeconomic News <ul style="list-style-type: none"> • Case: <i>Monetary policy in action</i> • Overall review of the course 	ABC 14.3	Case 2: <i>Monetary policy in action</i>
tentative	TBD	Review Session		
	Saturday, Apr. 13, 8:30-11:30 am	Final Exam (3 hours)		