EWMA201B – Macroeconomics in the Global Economy
Sections 31A and 32A

Professor James A. Wilcox

<table>
<thead>
<tr>
<th>Spring A 2018</th>
<th>Macro</th>
<th>Class</th>
<th>Meetings</th>
</tr>
</thead>
</table>


Class Website: bCourses: [https://bcourses.berkeley.edu/courses/1467514](https://bcourses.berkeley.edu/courses/1467514)

Faculty Office:  

Office Hours: Wednesdays, 7.00 – 9.00pm and by appointment  
(Saturdays 1-2pm or after class and via phone, Skype, AdobeConnect)

Office Phone  

E-mail:  

Skype:  

Faculty Assistant:  

GSI:  

GSI Weekly Disc. Section: Thursdays, 6.00-7.00pm

GSI Office Hours: by appointment
Course Description

MBAs have direct demand and derived demand for understanding macroeconomies. Often, students become increasingly interested in understanding how and why economies and their major sectors perform well or badly. Better understanding makes reading, hearing, and talking about countries’ ups and downs, whys and why nots, consumers and businesses, near and far more satisfying and more useful. They learn to spot and explain the big and little effects that macroeconomies have on their businesses—whether directly or only through the economies’ effects on their suppliers’ and their customers’ businesses. Students also learn to analyze the pervasive effects of macroeconomies on own incomes and net worth.

So, what does make rates go up and down? And, by a little or a lot? And when? And, which rates? Interest, inflation, unemployment, foreign exchange, quarter-to-quarter GDP growth, long-run economic growth, short-term or long-term, short-run or long-run.

We will explore why these and other macroeconomic measures move, or don’t, or will soon—or later. We will see how some fluctuations get amplified and others dampened automatically by macroeconomies. We will explore how consumer and business practices affect current conditions, as well as by forecasts for the future, of the U.S. and of other economies. We will analyze how monetary, fiscal, and international-trade policies affect, and are affected by, macroeconomies.

We will see examples of past events, current predicaments, and forecasts that we can explain. We will discuss how fear and fog reverberated through the world’s economies during the financial crisis and Great Recession of the late 2000s. We will see why the crisis pushed the U.S., then Japan, and eventually Europe to use gigantic, previously-unimaginable policies.

Fortunately, the tools and approach of demand and supply help us understand which real, and financial, goods and services are produced and sold in a macroeconomy, at what prices and in what volumes. To do so, we build upon what you know—and, indeed, what you do, both as producers and as consumers! We will see topics and issues where we think we understand pretty well the workings of macroeconomies, as well as those that we are just as sure that we don’t understand.

Textbooks: Old and New, New and Used, Domestic and International

The most-recent version of the Gordon textbook is the 12th edition. The prior edition, the 11th edition, might still be available and, if so, it should be really, really cheap. Nonetheless, it is probably not worth even its low price in light of the value of your time. The old edition isn’t radically different in concept, but the 12th edition importantly addresses more recent events, examples, data, and emphases. Its page numbers won’t correspond to those in the 12th edition. We recommend getting the 12th, and not the 11th, edition.

“International editions” of the Gordon textbook can be of two types: those produced by the book’s publisher (Pearson) and “others.” International editions do tend to cost less. We don’t know how much different they are from the “domestic” edition. We understand that the international editions have material at the end of chapters that differs from the U.S. edition, but otherwise the international edition might be very similar to the domestic edition.
Options and Costs for the Textbooks

Students have choices about how to access the textbook, which is published by Pearson. New copies of the textbook can be purchased at the campus bookstore or from Pearson. Here is a link to MyPearsonStore: http://www.mypearsonstore.com/bookstore/macroeconomics-plus-new-myeconlab-with-pearson-etext-9780132925990.

Alternatively, we understand that the 12th edition of the textbook can be rented via Amazon for ~$30 and via the MyPearsonStore website for about $60. For about $120, Pearson includes the e-book and access to its learning-assistance website for the textbook via www.myeconlab.com. For Spring 2018, the ID number for our course on MyEconLab is wilcox82244. For about $185, via Pearson students can purchase a loose-leaf, paper version of the textbook, plus access to the e-book and to the MyEconLab website via this site for the ebook: http://www.mypearsonstore.com/bookstore/macroeconomics-subscription-0132997819.

Via Amazon, used copies of the textbook have been selling for ~$100. The campus bookstore had a few new and used copies of the textbook as of January 11. Used copies cost about $210.00 and new copies cost about $265.00 there, while new paper textbook rental cost $210.

bCourses

We will use bCourses to post class slides. In addition, we will use bCourses to provide students with homework questions and answers, study guides for exams, clarifications or additions to class discussions and materials, additional reading assignments, and so on.

In addition, we will use bCourses to administer five, short, in-class quizzes and to notify students about non-textbook reading assignments.

Class Slides

On bCourses, a pdf file with the slides for each class will be posted for the upcoming class, typically no later than the night before each class. We will notify students via email when the pdf file of the class slides is available, typically with the same pdf attached. To each class, we will bring a paper copy of the class slides for each student.

Graphs, equations, Q&A text, additional examples and explanations, or other items that are added to the slides during our class meetings are not posted afterward.

The class slides are not intended to be a complete substitute for taking notes or reading assignments. The slides are intended to provide students with a quite-detailed class outline, one that is accurate and shows connections clearly to the textbook. Most students do find that adding their own notes in class helps imprint concepts and reasoning. Adding notes helps assimilate in-class discussions and accumulate their own, more-complete explanations, graphs, and so on.

We do not expect to cover all of the slides that are posted and handed out at each class. One reason that we include slides that we are unlikely to cover at a given class is that the slides not covered one week typically show up the following week and thus are a good way for students...
to get a preview about what will come in the next class. Another reason is that extra slides sometimes anticipate students’ questions.

**Class Consideration**

EW MBA students have agreed to Be Distraction-free. This means keeping phones silent and not using laptops, tablets, phones, and other devices, except for instructor-directed purposes.

Therefore, to provide the most positives and fewest negatives to the greatest number of students in our class, please observe the following rules for the consideration of the class:

1. Refrain from entering or leaving the room while class is in session.

2. Other than during quizzes, we cannot allow use of any electronic devices (phones, tablets, laptops, etc.) while class is in session.

**Breaks**

During each four-hour class, we plan to take two 10-minute breaks. The first break will start approximately an hour and a half after class begins (10:30-10:40am and 3:30-3:40pm); the second break will end an hour before class ends (11:50am-Noon and 4:50-6:00pm).

Unlike our class meeting time, these breaks are the appropriate times to text, email, surf, chit chat, snapchat, or WeChat.

**Coursework via Email, Telephone, etc.**

We will try to answer emailed questions usefully and quickly. For some questions and at some times, email works well. But, students and instructors quickly discover that it can be very inefficient, even confusing, to type out careful and complete questions, answers, follow-ups, or replies. Thus, more often phoning, skyping, etc. will be better for everyone.

**Grading: Homework, Exams, In-Class Participation, and Calculating Grades**

<table>
<thead>
<tr>
<th>Graded Element</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>Quizzes</td>
<td>20</td>
</tr>
<tr>
<td>Midterm exam</td>
<td>20</td>
</tr>
<tr>
<td>Final exam</td>
<td>50</td>
</tr>
<tr>
<td>Class participation</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Homework**

Homework is not graded or counted. Nonetheless, to boost understanding of the material and to help students’ assess themselves, for each of the seven weeks of class, we will provide a short set of homework questions and, shortly thereafter, an answer guide for it. Typically, the homework sets will be available via bCourses on Sunday or by Monday morning. bCourses will notify students as soon as homework questions and as answers are available.
Algorithm for Graded Elements and Overall Course Score

Quizzes

Quizzes will draw upon material from the prior class meeting as well as any articles assigned for current class. Scores on in-class quizzes account for 20 percent of the overall course score. We plan to hold quizzes at the beginning of class for Weeks 2, 3, 5, 6, and 7. There will be no quiz during Week 4, when the midterm exam is held. Before calculating each student’s overall course score, we will drop each student’s lowest quiz score. Then, we will count each student’s four (out of five) highest quiz scores.

Students should bring a device to class to take each quiz via bCourses. It will help to login to bCourses before 9.00am and 2.00pm, since times for the beginning and ending of the quizzes are set in advance within bCourses.

We plan to administer two practices quizzes, neither of which count toward course grades. The first will have no time limit. It is intended to give students (as well as us) practice with bCourses quizzes. We hope that students will take this first quiz sometime during the week before our first class on January 20. We will administer the second quiz partway through our first day of class. The second practice quiz will be timed (but not counted).

Scores and correct answers will be available after 6pm on Saturdays, but before Mondays.

Exams

There will be one midterm exam and one final exam. The midterm will be weighted 20 percent and the final 50 percent in determining your overall course score.

We will have the midterm exam at the beginning of class on Week 4 (Saturday, February 10, 2018) for about 40 minutes. Right after the exam that day, we will have our regular class meeting. Circumstances permitting, we will be available in our classroom for questions, clarifications, and review for about half an hour before the midterm exam, 8.15-8.45am and 1.15-1.45pm.

For both classes, the two-hour final exam for both Axe and Oski will take place 9.00 – 11.00 a.m. on Saturday, March 10. (The joint accounting final exam will probably start at Noon that day.) Circumstances permitting, we will be available 8.00 – 9.00 a.m. before the final exam on March 10. The EWMB&A office will handle any and all permissions and arrangements in response to a student’s request to take the final exam at any other time.

Depending on student interest and schedules and logistical arrangements in Haas, we will try to conduct live, in person and webcast, review sessions for the midterm and final exams.

In-Class Participation

Participation is expected, valuable, and almost always enjoyable. Participation consists of volunteering questions or answers, answering “cold-call” questions, and adding observations. We seek to reward the quantity and quality of participation. Positive participation is active, relevant, proportionate, correct, useful, and not distracting to the class. To facilitate it, each student should sit in the same seat during each class with the student’s nameplate visible. Class consideration is also a component of participation.
Here is a link to the EW MBA policy regarding video-recording of classes:
http://haas.berkeley.edu/EW MBA/academics/video-requests.html

Homework

Homework is not graded or counted. Nonetheless, to boost understanding of the material and to help students’ assess themselves, for each of the seven weeks of class, we will draw a short set of homework questions from the questions and problems at the end of the textbook chapters. A couple of days later, we will provide an answer guide for the selected questions and problem. Typically, the homework sets will be available via bCourses on Sunday or by Monday morning. bCourses will notify students as soon as homework questions and as answers are available.

Calculating Overall Course Scores and Letter Grades

We will base scores for each graded element on the standardized scores for each element. Scores are standardized across all of the students in the two Saturday sections, Axe and Oski. Subject to warranted adjustments, overall course scores will be used to assign letter grades for the courses. We will use the percentages above to calculate weighted averages of standardized scores.

In accordance with Haas policy, course letter grades will average no more than 3.45 (approximately B+ on the Berkeley 4-point scale). Course grades are likely to be approximately 15% A, 20% A-, 30% B+, 20% B, and 15% B- or lower.

Regrades

Requests for re-grades of any graded element should start with the GSI. Requests for re-grading must be submitted in writing to the GSI within one week of the graded element having been made available to the student. Only entire quizzes or exams will be re-graded; neither single questions nor parts of questions will be re-graded in isolation. Scores and grades may (and occasionally do) rise, fall, or stay the same upon re-grading.

Adds, Drops, and Final Exam Conflicts

Course add, drops, and final exam conflicts are all handled by the EW MBA office. Here is the form the office requires for exam conflicts:
http://haas.berkeley.edu/EW MBA/academics/exception-request.html

Bio Info

Jim is Professor of Finance and of Economic Analysis and Policy at Haas. His research interests include house prices and real estate activity, consumer attitudes and spending, and banking. He has served as Chief Economist at the U.S. Office of the Comptroller of the Currency, senior economist for monetary policy and macroeconomics at the President’s Council of Economic Advisers, and economist at the Federal Reserve. He is a Visiting Scholar at the Federal Reserve Bank of San Francisco and a Fellow of the Wharton Financial Institutions Center.

Here are links to a couple of his recent, non-Macro writings:
hpsi
Tech tilt
**Class Meetings and Textbook Reading Assignments**

We will have seven Saturday classes. The first class day is Saturday, January 20, 2018. The last class day is Saturday, March 3, 2018. For both sections, Axe and Oski, the two-hour final exam will be given from 9.00 - 11.00 a.m. on Saturday, March 10, 2018.

Students should be familiar with the relevant textbook material when we address it in class. Textbook assignments will be adjusted as needed as the semester proceeds.

We will also use assigned articles as bases for quizzes and for class discussion. We provide the articles, links to them, or links to their sources. Here is the link to the homepage of the Financial Times: https://www.ft.com/. Via their yourname@haas.berkeley.edu accounts, students can sign up for a free subscription to the FT here: https://registration.ft.com/corporate/signup/zw01e0yGhigV8

At this site, there are links to the latest issues and back issues of The Wall Street Journal, The Economist, the New York Times, and Bloomberg BusinessWeek: http://guides.lib.berkeley.edu/business_news

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<thead>
<tr>
<th>DATE</th>
<th>Bring device to class for quiz via bCourses</th>
<th>CLASS NUMBER</th>
<th>TEXTBOOK CHAPTER</th>
<th>SECTIONS</th>
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<tr>
<td>January 20</td>
<td>Yes</td>
<td>1</td>
<td>1, 2, 3</td>
<td>1-10, 24-28, 34-36, 42-45, 54-58</td>
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<tr>
<td>January 27</td>
<td>Yes</td>
<td>2</td>
<td>3-4</td>
<td>60-66, 73-79, 102-104, 110-111</td>
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<tr>
<td>February 3</td>
<td>Yes</td>
<td>3 (3 hours)</td>
<td>5-6</td>
<td>121-138, 143, 146-153, 158-161, 166-169, 171, 177-187</td>
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<tr>
<td>February 10</td>
<td>No</td>
<td>Midterm Exam</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>February 10</td>
<td>No</td>
<td>4</td>
<td>7</td>
<td>190-204, 208-220</td>
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<tr>
<td>February 17</td>
<td>Yes</td>
<td>5</td>
<td>9-10</td>
<td>265-268, 273, 284-287, 290-291, 303, 316-329</td>
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<tr>
<td>February 24</td>
<td>Yes</td>
<td>6</td>
<td>11-12, 14</td>
<td>358-363, 398-407, 468-470, 474-477</td>
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<tr>
<td>March 3</td>
<td>Yes</td>
<td>7</td>
<td>15-16</td>
<td>481-496, 506-512, 517-526</td>
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<tr>
<td>March 10</td>
<td>No</td>
<td>Final Exam</td>
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