The Global Economy (MGMT 406)
Prof. Christian Dippel
Syllabus

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COURSE DESCRIPTION

The world economy has been on a roller coaster ride in the past several years. What are the drivers and effects of global macroeconomic patterns and convulsions? This class will provide you, as future decision-makers, with a systematic way to analyze and understand domestic and global macro-economic fluctuations and trends that will impact today's and tomorrow's business environment. The course will feature simple models that provide an analytical framework, but it will also have an applied data-driven focus.

The course is divided into 3 segments, roughly corresponding to classes 1—3, 4—6, and 7—9, with class 10 reserved for your presentations, which is the course's capstone project of sorts.

Segment 1 (classes 1—3) covers the "real side" or the "supply-side" of the global macro-economy. Topics we cover include production, GDP, productivity, industrial structure, international trade in manufactured products, labor markets, automation, and offshoring.

Segment 2 (classes 4—6) covers the "demand-side" of the economy, without being particularly global or international in outlook. Topics we cover include recessions, the "business cycle," government stimulus, central banking, monetary policy, interest rates, inflation, asset prices, and financial crises.

Segment 3 (classes 7--9) is explicitly global in character and primarily focused on financial linkages although we pick back up on some of the "real" trade linkages covered in segment 1. Topics we cover include exchange rates, international capital flows, government debt (with an emphasis on foreign debt), and balance-of-payment crises, and government defaults.

As much as we have time to, we will use short mini case studies to provide a historical and comparative perspective on macro topics (e.g the Great Depression, 1970s Stagflation, Latin American and Asian debt crises of the late 90s, the 2011-15 Euro-crisis, NAFTA).

Objectives: This is not a course that is based on one particular model or way of thinking. Instead the objective is that you graduate from it with a toolkit comprising (a) some stylized facts (e.g roughly what is U.S. GDP or the Bank of China's balance sheet), (b) some broad heuristics or rules of thumb (e.g why capital inflows imply trade deficits), and (c) some big-picture models that explain broad trends (e.g. why wages fall when robots get better).

ORGANIZATION

- **Physical location:**
  - **406-1: Wednesdays, 4:10-7pm in 'CORNELL' D.301**
  - **406-2: Wednesdays, 7:10-10pm in 'CORNELL' D.301**
- **Class-website**:
  - **406-1:** https://ccle.ucla.edu/course/view/19S-MGMT406-1
  - **406-2:** https://ccle.ucla.edu/course/view/19S-MGMT406-2
- **Class Recordings:**
  - **406-1:** https://ucla-anderson.mediasite.com/Mediasite/Catalog/catalogs/19s-mgmt-406-sec-1-dippel
  - **406-2**: https://ucla-anderson.mediasite.com/Mediasite/Catalog/catalogs/19s-mgmt-406-sec-2-dippel
- **Slides**: The core material is a set of fully self-contained slides, in addition to press clippings and some academic readings.
- **Readings**: During every class we will discuss at least one recent press article that. The article will be distributed through the course website before class. These readings are required, and constitute an important part of your preparation for class.
  - The vast majority of articles will come from either *The Economist* (weekly) or the *Wall Street Journal* (daily). You do not have to subscribe to either but I strongly encourage you to because it really adds to the learning experience. I will post introductory offers 10-week deals for both publications on the class website.
- **Primer**: We will post a primer for each class with core concepts you need to read up on before class. This primer serves as a "**quasi-textbook**".
- **Textbook**: The course's required textbook is Andrew Vonnegut's "*Inside the Global Economy: A Practical Guide*" which is a great, and very practical, reference guide that covers almost every topic we touch on in this course. It's much cheaper than a regular textbook, at around 30-40$ online.
- In addition, in the primer I will frequently refer you to pages or sub-chapters of http://www.core-econ.org/, which is a more traditional economics textbook but is free and open-access.
- **Online Quizzes**: There will be weekly online quizzes on the class website. These quizzes are required, and a graded part of class. These quizzes consist of a mix of (*i*) review of required readings, (*ii*) back-ward looking questions about the last class, (iii) searchable data facts, and (*iv*) data-driven assignments that require you to download and manipulate macro-economic data. There is no quiz for week 10 as you're prepping for your capstone project. We are grading the best 8/9 quizzes, so everyone gets a "free shot", including missing one altogether.

- **Exams**: We have **2 midterms – at the beginning of weeks 4 and 7.** These two midterms respectively wrap up segments 1 and 2 of the class. Midterms are 40 minutes long, roughly half multiple choice and half mini-essay questions, and are <u>closed book</u>.
- **Presentations are in week 10.** You are asked to form groups, optimal group size will depend on class enrollment, as we can accommodate at most 9 groups. Topics can be more macro investment/finance oriented or more international business oriented, you chose. Please discuss your choice of topic as well as content with us as early as possible, but no later than week 5.
- **Final Exam (exam week/week 11)**. The final exam is 2 hours long and cumulative (while the midterms are not cumulative). 50% weight is given to the materials of week7−10. The format is the same as the midterms, roughly half multiple choice and half mini-essay questions, and <u>closed book</u>, except that it is 120 minutes instead of 40 minutes.
- **Attendance** is mandatory. We show some flexibility so long as you communicate when you need to be absent or leave early. You cannot miss more than three class.

Grades: Your grade for the course will be based on your performance on all of the requirements, weighted as follows:

Online quizzes	30%
Participation	10%
Group presentation	20%
Exams	40%

Exam grade: The default should be you write (*i*) both midterms and (*ii*) the final exam. The exam grade will then give 65% weight to the better and 35% to the worse of (*i*) and (*ii*).
You can write an exam remotely on CCLE if there is a work reason for your absence but it has to be at <u>exactly the same time</u> as the in-class quiz. If you write an exam remotely, we will give 50% weight to each of (*i*) and (*ii*).
The following applies if you have to miss an exam and cannot write it remotely for some reason: If you miss the final, we will give 100% to (*i*). If you miss one of the two midterms, we will give 35% weight to (*i*) and 65% to (*ii*), regardless of which one you did better in.
So missing either one midterm or the final should still work out ok. You cannot miss both a midterm and the final.

Office Hours: The TA and I will hold a combination of physical and online office hours before the final and are very available by email in the interim.

Instructor Contact and Feedback
Your feedback is very valuable throughout. Feel absolutely free to contact me at any time to discuss the course and offer suggestions for improvements. In addition, if there is a pertinent topic that you would like to see discussed in class, absolutely feel free to email me suggestions a few days before class and I will try to incorporate that.