

GLOBAL ECONOMIC ENVIRONMENT

IE University

Professor: **NOEMI DANS RODRIGUEZ**

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Academic year: 22-23

Degree course: SECOND

Semester: 2^o

Category: BASIC

Number of credits: 5.0

Language: English

PREREQUISITES

Passing grades in "Macroeconomics" and "Microeconomics" are highly recommended, although not mandatory, since you need to be familiar with basic economic thinking. If you have not passed those courses, we might discuss individually the best way to acquire the necessary basic concepts.

SUBJECT DESCRIPTION

Business decisions are taken with the ultimate aim of maximizing profits. For that, managers elaborate and implement their strategic plans regarding key aspects of their economic activity (technology, labour needs, suppliers of inputs, activity level and prices, marketing, etc.). A key element underlying any business strategy is the set of assumptions made regarding the economic environment. Those assumptions might be explicit or implicit in the plans, but should never be ignored, because they will play a big role in ensuring the final success of the strategic decisions adopted.

The Economic Environment, for any given company, can be defined as the complete collection of factors external to the company, exogenous to their decision making process, that have an influence in business performance. The factors to be considered are wide ranging and their impact in business also varies widely. From macroeconomic factors, like cyclical conditions of consumer demand and disposable income, to political or institutional factors, like market structure or the rule of law, to socio-economic factors, like health status or safety and security concerns. Moreover, most factors considered as Economic Environment are dynamic and change through time. Government decisions and government policies also play a key role explaining the dynamics of the economy. Some economic changes take place in the short term (due to economic cycles or government decisions) and some take decades to change (known as structural changes or structural reforms). Following those changes and understanding their economic implications is crucial for business managers as well as for policy makers.

In summary, prevailing and prospective economic conditions in any country should be always a key consideration when making all kinds of business or policy decisions. The right business environment is a prerequisite for the success of any entrepreneurial projects, as well as for getting reasonable returns on any financial investment. This course is designed to provide students with the basic tools to assess the economic conditions prevailing in a country at a given point in time, to appraise its expected evolution through time, and to extrapolate the consequences of that for business activity. It will also provide the tools to understand the relationship between public policies and economic performance and to assess the adequacy of alternative economic policies for the needs of the countries.

OBJECTIVES AND SKILLS

After completing this course, students should be capable of analyzing and understanding economic events, of appraising the overall state of any economy, of identifying its strengths and weaknesses for business activity in the short and the long run, and of making their own assessment regarding economic policies in place and those that should be undertaken to improve economic performance in every country (often the subject of heated economic debates). For this, the course will develop a comprehensive framework of analysis covering all aspects of the economy of a country of relevance for business activity. The focus will be placed on the role of the government and its economic policies in helping or disturbing the country's economic performance. Macroeconomic variables (GDP, employment, inflation, interest rates and exchange rates) and macroeconomic policies (fiscal and monetary policies) will be examined, as well as other factors like the institutional framework and structural policies. In all cases the central question will be to identify the links between economic environment and business performance.

Analytical treatment of underlying theory will be kept as simple as possible and the course will have a strong practical orientation. Students will work through the course on a case study project that will require the implementation of the main aspects of the theoretical framework provided for analysis.

SKILLS

Students are expected to acquire the following skills:

Cognitive:

- Identifying factors external to business decisions that may impact business performance
- Understanding the relationships among macroeconomic aggregates
- Understanding the link between macroeconomic variables and business performance
- Knowledge of economic policy tools and options
- Understanding the relationship between economic policies and economic performance
- Familiarity with economic thinking and economic language
- Familiarity with sources of economic data, economic news and analysis

Instrumental:

- Use of basic models to analyze real life economic events and to make policy inferences
- Use and interpretation of Index numbers
- Capacity to abstract and work with simplified versions of reality
- Familiarity with graphical analysis
- Ability to communicate economic arguments and economic analysis in precise and concise manner
- Think critically about the limits of economic theory and be able to question experts' assessments with sound arguments
- Be open to different views and arguments regarding economic events (macroeconomic problems often have alternative solutions)
- Take a broad and comprehensive approach for the analysis of economic issues (there is a very

large number of factors interacting in the economy)

METHODOLOGY

The course will be taught employing IE's Learning methodology, a transformational and interactive educational experience that transcends single methodologies and platforms to blend physical, digital and natural environments so that students obtain a world-class education. It brings together the human, digital and natural worlds into a seamless whole and enables IE University to be a truly global campus.

All classes will combine theoretical lectures, providing the framework for analysis of the economic environment, presentations of the case studies applying the framework provided, and discussions of real life economic events. Students are expected to participate actively in all three aspects of the class content. The time dedication suggested for a good course performance is the following:

Teaching methodology	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	26.67 %	40 hours
Discussions	13.33 %	20 hours
Exercises	13.33 %	20 hours
Group work	16.67 %	25 hours
Other individual studying	30.0 %	45 hours
TOTAL	100.0 %	150 hours

PROGRAM

SESSION 1 (LIVE IN-PERSON)

Course Presentation

SESSION 2 (LIVE IN-PERSON)

Business Cycles & Economic Growth: Review of the Basic Model AS/AD

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 11 (excluding section 7) (See Bibliography)

SESSION 3 (LIVE IN-PERSON)

Business Cycles & Economic Growth: Review of the Basic Model AS/AD

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 11 (excluding section 7) (See Bibliography)

SESSION 4 (LIVE IN-PERSON)

Business Cycles & Economic Growth: Review of the Basic Model AS/AD

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 11 (excluding section 7) (See Bibliography)

SESSION 5 (LIVE IN-PERSON)

The Role of Governments: Fiscal Policy

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 14 (See Bibliography)

SESSION 6 (LIVE IN-PERSON)

The Role of Governments: Fiscal Policy

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 14 (See Bibliography)

SESSION 7 (LIVE IN-PERSON)

The Role of Governments: Fiscal Policy

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 14 (See Bibliography)

SESSION 8 (LIVE IN-PERSON)

The Role of Governments: Stabilization Policies

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 15 (See Bibliography)

SESSION 9 (LIVE IN-PERSON)

The Role of Governments: Stabilization Policies

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 15 (See Bibliography)

SESSION 10 (LIVE IN-PERSON)

The Role of Governments: Stabilization Policies

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 15 (See Bibliography)

SESSION 11 (LIVE IN-PERSON)

The Role of Governments: Sovereign Debt and Default

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 18 (See Bibliography)

SESSION 12 (LIVE IN-PERSON)

The Role of Governments: Sovereign Debt and Default

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 18 (See Bibliography)

SESSION 13 (LIVE IN-PERSON)

The Role of Governments: Sovereign Debt and Default

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 18 (See Bibliography)

SESSION 14 (LIVE IN-PERSON)

Review Session

SESSION 15 (LIVE IN-PERSON)

Midterm Exam

SESSION 16 (LIVE IN-PERSON)

The Financial Sector: Financial Markets and Economic Performance

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 16 (excluding sections 4, 6, 7 and 8) (See Bibliography)

SESSION 17 (LIVE IN-PERSON)

The Financial Sector: Financial Markets and Economic Performance

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 16 (excluding sections 4, 6, 7 and 8) (See Bibliography)

SESSION 18 (LIVE IN-PERSON)

The Financial Sector: Financial Markets and Economic Performance

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 16 (excluding sections 4, 6, 7 and 8) (See Bibliography)

SESSION 19 (LIVE IN-PERSON)

The Financial Sector: The Banking Sector

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 17 (See Bibliography)

SESSION 20 (LIVE IN-PERSON)

The Financial Sector: The Banking Sector

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 17 (See Bibliography)

SESSION 21 (LIVE IN-PERSON)

The Financial Sector: The Banking Sector

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 17 (See Bibliography)

SESSION 22 (LIVE IN-PERSON)

The Open Economy: Exchange Rate Determination

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 19 (See Bibliography)

SESSION 23 (LIVE IN-PERSON)

The Open Economy: Exchange Rate Determination

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 19 (See Bibliography)

SESSION 24 (LIVE IN-PERSON)

The Open Economy: Exchange Rate Determination

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 19 (See Bibliography)

SESSION 25 (LIVE IN-PERSON)

The Open Economy: Currency Crises

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 21 (excluding sections 2, 3, 4, 6, 8) (See Bibliography)

SESSION 26 (LIVE IN-PERSON)

The Open Economy: Currency Crises

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 21 (excluding sections 2, 3, 4, 6, 8) (See Bibliography)

SESSION 27 (LIVE IN-PERSON)

The Open Economy: Currency Crises

Book Chapters: Miles et al. Macroeconomics: Understanding the Global Economy. Third Edition, 2012. Chapter 21 (excluding sections 2, 3, 4, 6, 8) (See Bibliography)

SESSION 28 (LIVE IN-PERSON)

Term Project

SESSION 29 (LIVE IN-PERSON)

Term Project / Review Session

SESSION 30 (LIVE IN-PERSON)

Exam

BIBLIOGRAPHY

Compulsory

- D. Miles, A. Scott and F. Breedon. (2012). *Macroeconomics, Understanding the*

EVALUATION CRITERIA

ORDINARY

Your final grade in the course will be based on the following criteria:

Criteria	Percentage	Comments
Class Participation	10 %	
2 Midterm Exams	50 %	
Term Project	20 %	
Other Learning Activities	20 %	

Passing the course will require a minimum average grade of 5/10 in the two midterms. Failing the course will mean retaking all the course material in the extraordinary call.

Participation: two main criteria will be used in reaching judgment about your participation, frequency and quality of your contributions.

There will be **two midterm exams** worth 25% each. They will each cover about half of the course program.

Detailed instructions will be available in campus online (Additional Documentation) regarding the **Term Project**.

Detailed instructions will be available in campus online (Additional Documentation) regarding the practices included in **Other Learning Activities**.

- Failure to submit up to 20% of the practices is allowed (full grade)
- Failure to submit from 20% to 50% of the activities means a loss of the equivalent percentage of the participation grade:
 - From 20% to 30% your grade would be 70%
 - Up to 40% your grade would be 60%
 - Up to 50% your grade would be 50%
- Failure to submit more than 50% of the activities means a loss of 100% of the grade (0 points)

RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or "re-sit") in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

- Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).
- It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)

- The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the extraordinary call.
- Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0).

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

- Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.
- In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

PROFESSOR BIO

Professor: **NOEMI DANS RODRIGUEZ**

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NOEMI DANS

Academic Background

- PhD Cum Laude in Economics. UCM
- Master Degree in International Economics, UCM

Academic Experience

- Researcher at Euro.Mediterranean University Institute, UCM, Madrid
- Professor, IE University, Madrid.
- Professor, Escuela de Riesgos Banco Santander
- Associate Professor, Universidad Pontificia de Comillas, Madrid
- Associate Profesor, Universidad Complutense de Madrid,

Professional Experience

- CESCE (Spanish Export Credit Agency): Deputy Director
- CESCE: Head of International Relations and Country Risk
- OECD: Member of the “Group of Country Risk Experts of the OECD”

- Member of the Technical Committee, Berne Union (the Export Credit Agencies Association)

Some online papers

- http://sem-wes.org/sites/default/files/revistas/01_DANS.pdf
- <https://revistas.ucm.es/index.php/PADE/article/view/48672>
- <http://revistas.ucm.es/index.php/PADE/article/view/41100>
- http://universidadeuropea.es/myfiles/pageposts/jiu/jiu2012/pdf/ix_jiu_2012.pdf#page=167
- Research Interests: Country risk, foreign direct investment, credit risk

OTHER INFORMATION

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