

MEMO

DATE: December 7, 2004

TO: Executive Committee, Columbia Business School

FROM: Professors Frederic S. Mishkin, Garrett J. van Ryzin

RE: B6005, *The Global Economic Environment*

Executive Summary

At the direction of the executive committee we reviewed the core course B6005, *The Global Economic Environment*. This was done primarily as a pilot effort to periodically review all core courses and secondarily out of concerns over the recent fall in the course's ratings. We reviewed the content of the course relative to similar offerings at other top business schools, conducted interviews with a sample of students who recently took to the class, had individual and group discussions with the course's teaching faculty and analyzed various statistics on it (evaluations, exemptions, etc.).

Our conclusion is that the recent drop in ratings is not due to fundamental problems with the course content or design per se. Rather, it is the byproduct of an overly ambitious redesign effort which left lectures crammed with too much detail, reduced some of the valuable interactive components of the class (case and current events discussions) and led to a less productive educational experience for students. The teaching faculty seems well aware of the root cause of the problem and how to fix it; namely, moving toward a "less-is-more" approach to the subject. The required changes are relatively easy ones to make and hence we anticipate the course will fare much better in 2005.

Data and Information Sources

Our analysis is based on the following information and data sources:

- Review of course ratings and exemption statistics.
- Review of syllabi and all lecture slides, cases and assignments from B6005.
- Review of syllabi from comparable courses at other top business schools, including Chicago, Duke, NYU and Wharton.

- One hour focus group discussion with six students (all of whom were academic reps) who took the course last year, including two who took the course over the summer.
- Two hour group meeting with teaching faculty Zeldes, Giannoni and Mihov.
- Individual discussions with teaching faculty as well as their feedback on a draft version of this report.

Key Findings

1. Course Objective, Topics and Assignments

The goal of B6005 is to enable students to understand macroeconomics in the global context so that they can interpret public policy decisions and their effects on particular industries and businesses. In contrast to an undergraduate macroeconomics class, the course places less emphasis on formal theory and more on applications, real-world impacts and the managerial implications of macroeconomic fluctuations and growth.

The course begins by examining the determinants of economic growth (labor supply, productivity, etc.). It then looks at the determinants of saving, investment, and equilibrium interest rates, and then at the effects of monetary policy. This builds up to the IS-LM-FE model. Finally, the course examines inflation, international trade and exchange rates. Throughout the emphasis is on developing the students' ability to think in terms of the "general equilibrium" effects of a given policy action or macroeconomic event.

The course assignments include individual homework exercises, cases write-ups, group presentations on topical assignments and exams. For Spring 2004, requirements included six homework assignments, seven case write-ups, one group presentation and a midterm and final exam.

2. Course Ratings

Table 1 summarizes the recent ratings for the course. Note the ratings in 2004 declined relative to 2003 for those professors who taught both years (Giannoni and Zeldes). Rating for Professor Mihov in Summer 2004 were substantially higher: 4.8-4.9 compared to the mid three range for Spring 2004.

Table 1 – B6005 Course Ratings (2002-2004)

Professor	Term & Year	Section	Professor Rating	Course Rating
			Overall	Overall
Boivin	Summer 2002	1	4.3	4.2
Boivin	Summer 2002	2	4.7	4.4
Boivin	Summer 2002	3	4.3	4.2
Zeldes	Spring 2003	1	3.4	3.2
Zeldes	Spring 2003	2	3.3	3.6
Zeldes	Spring 2003	3	3.7	3.6
Wilkinson	Spring 2003	4	3.9	3.7
Giannoni	Spring 2003	5	4.1	3.9
Giannoni	Spring 2003	6	4.2	3.8
Boivin	Spring 2003	7	4.4	4.1
Boivin	Spring 2003	8	4.6	4.2
Loyo	Summer 2003	1	2.3	2.4
Loyo	Summer 2003	2	3.4	3.3
Loyo	Summer 2003	3	3.2	2.9
Zeldes	Spring 2004	1	3.3	3.3
Zeldes	Spring 2004	2	3.9	4.0
Zeldes	Spring 2004	3	3.8	3.8
Giannoni	Spring 2004	4	3.6	3.7
Giannoni	Spring 2004	5	3.3	3.4
Giannoni	Spring 2004	6	4.1	3.9
Himmelberg	Spring 2004	7	3.4	3.5
Himmelberg	Spring 2004	8	4.4	4.1
Mihov	Summer 2004	1	4.9	4.8
Mihov	Summer 2004	2	4.8	4.6
Mihov	Summer 2004	3	4.8	4.6

3. Comparisons to Similar Courses at Other Top Schools

Based on our review of syllabi of similar courses at other top business schools, we did not find any substantial differences in the course content of B6005. Indeed, there appears to be a remarkable degree of consistency among the macroeconomic courses offered at our peer institutions. All cover roughly the same topics (determinants of growth, the link between financial markets and the economy and monetary and fiscal policies). Several (Duke, Chicago, Wharton) also use the same textbook (Abel and Bernake).

4. Focus Group Student Reactions

As reflected in the course ratings, student's reactions to the course varied. The two students who took the course in the summer were very positive about the experience. Most of the students who took it in the Spring also found it valuable, but two of them had somewhat more negative reactions, commenting that they thought the course was

there “to plug a hole” and that it “should be a prerequisite”. (Both students had some background in macroeconomics prior to coming to CBS).

But the consensus among the focus group students was that the course was a valuable part of the core. In particular, students valued the practical value of the content, saying it addressed “many current examples,” “had great cases”, and that they could “now read the WSJ and make sense of it.” Another remarked that it was the “only internationally oriented course in the core”. Those interested in financial markets (bonds, FX, etc.) in particular viewed the material as essential to their career training, and one student remarked that the course content enabled him to successfully answer a difficult interview question, which led to a summer job offer. In short, there does not seem to be a problem with the relevance of the content in the eyes of most students.

That said, there was considerably more concern about the way the course was conducted. A major area of concern among the students was the workload - comments on it ranged from “above average (comparable to accounting)” to “an egregious workload”. This sentiment not only applied to the assignments but also to the content of lectures, particularly in the Spring. Students complained about not having enough time to discuss cases and topical assignments and of a feeling of “always playing catch-up” in lectures. One student commented that the lectures contained “so many tangents it was difficult to focus” and that they would have preferred to “learn one less curve”.

It’s clear that students valued the open discussion of cases and the topical group assignments, but the ambitious content of lectures left little time for this sort of interaction. (e.g. one student remarked that the group presentations had the feel of the group talking directly to the professor and when it came to class discussion, only a few minutes were left for others to participate.) Students in the summer section generally had fewer concerns in this regard, although they did indicate that the work load was still quite high, but they did not complain about it.

In terms of specific topics and cases, students uniformly did not like the employment report assignment. The Argentine currency board case assignment and Federal Reserve FOMC case assignment were favorites.

Student suggestions for improvement included: removing two cases or perhaps allowing students to write up only four of the cases (as in the summer section). Students also recommended eliminating the employment report assignment. They also suggested allowing more time for case discussions, which tended to only focus (for lack of time) on explaining the numerical “answer”.

5. Teaching Group Discussion

The discussion with the teaching group (Zeldes, Giannoni and Mihov) showed they had a clear understanding of the course's strengths and weaknesses. All felt that the basic content and organization of the course were appropriate. However, 2004 was a particularly difficult year because major changes in content and organization were implemented, driven primarily by the new BVE requirements. As a result, faculty spent a significant amount of time revising and updating lecture materials, leaving them little time and energy to devote to the actual course delivery. All felt this hurt the course ratings. It also appears that the redesign substantially increased the volume of content, which made the lectures much denser than before. Several faculty expressed frustration that they could not adequately cover the lecture content in the time available.

Professor Mihov's experience in the summer was somewhat different as already noted. Upon the advice of his colleagues based on the experience in the Spring, he considerably streamlined both the lectures and the required assignments. Although he covered the exact same topics as in the Spring, he reduced the number of slides used per lecture from over 40 in the Spring to about 25, thus eliminating a considerable amount of detail. This streamlining of the lectures allowed for more in-class discussion of contextual case issues and current events, which students seem to have appreciated and which brought the balance of lecture and discussion more into line with what was done prior to the redesign.

The overall workload burden was also reduced somewhat. In terms of assignments, he had one less homework, required students to write-up only four of the eight cases (he added an additional case on the Mexican peso crisis) and gave an in-class midterm (which was given out of class during mid-term exam week in the Spring term).

The feeling among the teaching group was that the streamlined content and more reasonable workload were key reasons for the much higher ratings for the summer section. Indeed, the teaching team seems well aware of the "cramming" problem introduced by their redesign. They are already planning to par down the current content to free up more time for class discussion, eliminating some less popular assignments and reducing the required number of assignments.

6. Exemption Exams

An issue which came up in our discussion was the policy for exemption exams. Many students have had significant exposure to macro economics. Yet, anecdotally, students in our focus group felt the exemption exam was "almost impossible" to pass. Several in the focus group felt this created resentment among students, both those who failed resenting the fact that they had to take the class and those without a background in macroeconomics resenting having to compete against classmates who were "experts" in the subject.

However, based on data we collected on exemption exams (Table 2), it appears the number of exemptions in B6005 is, if anything, high relative to other courses in the Finance and Economics Division.

Our preliminary inquiry suggested that the issue of exemption exams is a complicated one, involving student perceptions of the exam, the way Student Affairs represents the process to students, issues of the appropriate content and criteria for exams, etc. It is plausible that difficulties (perceived or actual) in exempting may be a root cause of dissatisfaction with the core. We suggest that the executive committee investigate this issue in more depth as one means of improving student satisfaction with the core.

Table 2: Exemption Exam Statistics

Course	# Students Taking Exam	# Students Passed Exam	# Students Enrolled	# of Sections
Spring 2003				
B6005 Macro	40	20	478	8
B6006 Micro	15	1	178	3
B6301 Corp Fin	9	6	183	3
Fall 2003				
B6006 Micro	35	20	496	8
B6301 Corp Fin	22	2	518	8
Spring 2004				
B6005 Macro	37	20	496	8
B6006 Micro	21	8	177	3
B6301 Corp Fin	3	1	185	3
Summer 2004				
B6005 Macro	29	9	170	3
Fall 2004				
B6006 Micro	55	36	167	8
B6301 Corp Fin	19	7	197	8