



Agricultural and Applied Economics (AAE) 875

Special Topics in Applied Business Economics

1. Administrative Details

Credits: 2
Instructional mode: Lecture
Time/location: Wednesdays, 10:00am – 11:30am
Semester: Fall 2021
Dates: 9/8/2021 – 12/15/2021
Room: Taylor Hall Room B30

Instructor: Jordan van Rijn, PhD
E-mail: vanrijn@wisc.edu
Office: Taylor Hall Room 318
Office hours: Tuesdays 1:00 - 2:00pm & Fridays 10:30am - 11:30am
Class website: Canvas

Please contact me by e-mail if you have any questions or concerns. I commit to responding to e-mails within 24 hours during the week and 48 hours on weekends/Holidays. I also encourage you to stop by my office hours.

2. Course description

Overview of fundamental topics related to macroeconomics and economic measurement in the U.S., including fiscal and monetary policy, the money system, models of aggregate supply and demand, business cycles, forecasting, financial accounts, balance of payments, productivity, international trade and finance, and measurements and indicators of employment and economic growth.

3. Learning Objectives & Outcomes

This course is specifically designed for Agricultural and Applied Economics (AAE) students in the Professional Master's (MSPO) program and for students that want to obtain the National Association of Business Economists (NABE) Certified Business Economist (CBE) certification. It counts as an elective for the MSPO master's degree and covers the essential knowledge necessary for the Macroeconomics and Economic Measurement sections of NABE's CBE exam. Particular emphasis will be placed on helping students effectively communicate ideas through writing and presentations, and understanding how topics are presented in the news and popular media.

Specifically, the course will cover the following topics:

- I. Fundamental Relationships and Tools:
 - a. National income accounting
 - i. Know how GDP estimates are produced
 - ii. Aggregate identities
 1. Income side and product side accounting
 - b. Economic indicators
 - i. Interpret the economic indicators as they relate to the economic forecast
 - ii. Time series analysis “basics”
 1. Stock and flow relationship
 - iii. Saving-investment relationship
 - iv. Sources of inflation
 - v. Measurement of inflation
- II. International Trade and Finance:
 - a. Exchange rate determination
 - b. Trade flows/balance
 - c. Financial linkages/contagion
 - d. Purchasing power parity
- III. Static Models/Frameworks:
 - a. Basic model building concepts
 - i. Expenditure relationships
 - ii. Multiplier concepts
 - b. IS/LM model
 - c. Aggregate demand and aggregate supply (AD/AS model)
 - d. Aggregate output and production function
- IV. Fiscal Policy:
 - a. Stabilization policy
- V. Inflation dynamics:
 - a. Philips curve
 - b. Natural rate hypothesis
 - c. Quantity theory of money
- VI. Money and Monetary Policy:
 - a. Money, banking and credit
 - b. Money and credit creation
 - c. Monetary policy
 - d. Targets and instruments
 - e. Traditional vs. non-traditional monetary tools

f. Monetary rules and inflation targeting

VII. Macro/Finance:

- a. Money market instruments
- b. Debt instruments
- c. Term structure of interest rates
- d. Various measures of credit spreads
- e. CAPM/Cost of capital

VIII. Dynamic Models and Long-term Growth:

- a. Growth accounting
- b. Overlapping generations
- c. Life-cycle optimization
- d. Real business cycle

IX. Business Cycle Analysis:

- a. Definitions of the business cycle
- b. Theories of the business cycle
- c. Consumption theories:
 - i. Consumption and saving
 - ii. Permanent income hypothesis
- d. Investment cycle
 - i. Investment and inventory theories

Student Learning Outcomes:

By the end of the course students should:

- Be familiar with each of the above topics, how they relate to each other, and recognize and analyze their particular importance.
- Be able to analyze contemporary macroeconomic theories and understand their relevant strengths and weaknesses.
- Be able to identify publicly available sources of data related to business economics, download the data, create relevant graphs, and analyze the data and graphs in relation to topics learned in the class.
- Be able to effectively communicate relevant ideas through writing and presentation.

4. Textbook & Software

4.1 Textbook

The required textbook for this course is [Macroeconomics by Abel, Bernanke and Croushore 9th edition](#). If you would like to consult other textbooks or consider alternative perspectives, the following textbooks are recommended and will be on reserve:

1. *Macroeconomics* by Colander (10th edition)
2. *The Economics of Money, Banking and Financial Markets* by Mishkin (12th edition)

4.2 Software

We will use Microsoft Excel for our assignments in this course, which is available to download for free from the [UW Campus Software Library](#). You will also need to download Microsoft Word and PowerPoint, which should download together in the Microsoft 365 suite. A basic understanding of Excel will be necessary to succeed in this course. Although there are no prerequisites for this class, some students may find it useful to take AAE 335: *Introduction to Data Analysis using Spreadsheets* to develop the required knowledge of Excel to succeed in this class. Nonetheless, if you have challenges with the Excel assignments, please e-mail me or see me in my office hours.

It is my understanding that starting in 2016, Excel in Microsoft Windows is very similar to Excel using Mac. However, some differences may exist, and in my experience these differences can prove challenging for students learning Excel with Apple computers. For consistency, we will be using the Microsoft Excel version for PC computers (e.g., in Windows). For students using Apple computers, I would recommend one of the following options:

1. *Use Microsoft Excel in Windows in a [UW Computer Lab](#)*. If you choose this option, you will need to be careful to save your work and maintain a copy in your e-mail, [Wisc Box](#) or other repository.
2. *Use Excel on your personal Apple computer*. If there appears to be a difference between what I am teaching and the formulas on the Mac version, notify me and search for a solution online. I will do my best to support you but cannot guarantee that I'll be able to help with technical questions.
3. *Use a [dual-boot system](#) to access both Windows and Mac operating systems on your personal computer*. The [DOIT Help Desk](#) should be able to help with changing your computer's setup to allow this option.
4. *Install the [Parallels Desktop for Mac software](#)*. This allows you to run Windows apps on Mac computers and the student version is \$79.99.

I recommend that you choose one of these options as early in the semester as possible to ensure that you are up and running smoothly well before the first assignment is due.

5. Course Requirements & Grading

The distribution of points for your final grade in this course is as follows:

Quizzes / CBE Practice tests (3)	15% (5% each)
Class participation	10%
Take-home Assignments (2)	30% (15% each)
Presentation	20%
Final exam	25%

Grades will be allocated as follows:

A	94% - 100%
AB	87% - 93%
B	80% - 86%
BC	74% - 79%
C	68% - 73%
D	60% - 67%
F	< 60%

5.1 Quizzes / CBE Practice tests (3) (15%)

There will be three in-class quizzes that will closely mimic the CBE practice questions related to the Macroeconomics and Economic Measurement topics. Thus, the quizzes will all be multiple choice.

5.2 Class participation (10%)

Students will be expected to actively participate in the class discussion. This includes preparing for class ahead of time, asking questions, and responding to questions from the professor. We may have assigned readings—such as relevant news articles—that students will be required to read before class, and be prepared to discuss. Class participation will be 10% of your grade and will not be automatically given but based on your actual participation in each class. In other words, you should expect to actively participate in each class and come ready with questions and insights. You are also expected to attend each class. If you are unable to attend a class due to an emergency or other reason, please let me know as soon as possible (ideally, before the class takes place).



5.3 Assignments (2) (30%)

There will be three assignments throughout the course during weeks 5, 8 and 11. Generally, they will cover the following topics:

Assignment #1: GDP, Inflation, Productivity, Employment, Savings-Investment

Assignment #2: Business Cycles, Long-Run Growth Models

Assignment #3: Unemployment & Inflation, Forecasting, Macroeconomic Policy

You will have 1 week to complete each assignment. If you have trouble with a particular assignment, feel free to contact me via e-mail, visit me during office hours, or post your question to the course website's Discussion Board on Canvas. You may also work on the assignments in groups as long as you do not directly copy each other's work or share files—each student must turn in his or her own assignment. Copying another student's work is not allowed and will be dealt with per UW policies and procedures. At a minimum, no credit will be given for the plagiarized material and a report will be forwarded to the Dean of CALS.

5.4 Presentation (20%)

Communicating your ideas effectively is a critical aspect of business economics. This assignment will provide you with the opportunity to practice your presentation skills, and builds on the skills learned in *AAE 721: Writing and Speaking for Applied Economics* and *AAE 720: Seminar in Quantitative and Applied Economics*.

The details will be provided in a separate document, but for your final presentation you will pick from a list of questions/topics (or come up with your own) and download data of economic indicators, create graphs and PowerPoint slides, and prepare a 10-15-minute presentation that addresses your question of interest. A good source of data you may wish to use is: <https://fred.stlouisfed.org/>

5.5. Final exam (25%)

There will be a comprehensive final exam that will be similar in format to the CBE exam. It will be based on all of the material covered in class up to that point.

**Late Assignments:* Late assignments receive a 10% deduction of the total grade for each day that they are turned in past the deadline for up to three days.

6. Course Outline

Week / Dates	Topics	Tasks	Suggested Reading
Week 1 Sept. 8 - 12	<i>Macroeconomics Basics</i> 1. GDP 2. Prices & Inflation		Abel et al., Chs. 1-2
Week 2 Sept. 13 - 19	<i>Macroeconomics Basics</i> 1. Productivity & Output 2. Savings & Investment		Abel et al., Ch. 3
Week 3 Sept. 20 - 26	<i>Long-Run Growth</i> 1. Consumption & Saving	Assignment #1 (due Sept. 29 th)	Abel et al., Ch. 4
Week 4 Sept. 27 - Oct. 3	<i>Long-Run Growth</i> 1. Savings & Investment in an Open Economy		Abel et al., Ch. 5
Week 5 Oct. 4 - Oct. 10	<i>Long-Run Growth</i> 1. Solow Model	Quiz #1	Abel et al., Ch. 6
Week 6 Oct. 11 - Oct. 17	<i>Long-Run Growth</i> 1. Asset Market, Money & Prices		Abel et al., Ch. 7
Week 7 Oct. 18 - Oct. 24	<i>Business Cycles</i> 1. Intro to Business Cycles		Abel et al., Ch. 8
Week 8 Oct. 25 - Oct. 31	<i>Business Cycles</i> 1. IS-LM/AD-AS Model	Quiz #2	Abel et al., Ch. 9
Week 9 Nov. 1 - Nov. 7	<i>Business Cycles</i> 1. Classical Business Cycle Analysis 2. Keynesianism	Assignment #2 (due November 10 th)	Abel et al., Chs. 10-11
Week 10 Nov. 8 - Nov. 14	<i>Macroeconomic Policy</i> 1. Unemployment & Inflation <i>Forecasting</i>		Abel et al., Ch. 12 Silver, Ch. 6
Week 11 Nov. 15 - Nov. 21	<i>Macroeconomic Policy</i> 1. Exchange Rates	Quiz #3	Abel et al., Ch. 13
Week 12 Nov. 22 - Nov. 28	<i>Macroeconomic Policy</i> 1. Money Supply	Assignment #3 (due Dec. 1 st)	Abel et al., Ch. 14
Week 13 Nov. 29 - Dec. 5	<i>Macroeconomic Policy</i> 1. Government spending & financing		Abel et al., Ch. 15
Week 14 Dec. 6 - Dec. 12	Student Presentations		

7. How Course Hours are Met by the Course

In accordance with the [UW-Madison Credit Hour Policy](#) (b), it is expected that students in this course will engage in at least 90 hours of learning activities. For this course, that includes 1.5 hours per week in lecture (22.5 total hours), 2.0 hours per week spent on weekly assignments (30 total hours), and 2.5 hours per week studying the lecture notes, textbooks or other outside materials in preparation for class participation, quizzes and the final exam (37.5 total hours).

8. Academic Integrity

By enrolling in this course, each student assumes the responsibilities of an active participant in UW-Madison's community of scholars in which everyone's academic work and behavior are held to the highest academic integrity standards. Academic misconduct compromises the integrity of the university. Cheating, fabrication, plagiarism, unauthorized collaboration, and helping others commit these acts are examples of academic misconduct, which can result in disciplinary action. This includes but is not limited to failure on the assignment/course, disciplinary probation, or suspension. Substantial or repeated cases of misconduct will be forwarded to the Office of Student Conduct & Community Standards for additional review. For more information, refer to studentconduct.wiscweb.wisc.edu/academic-integrity/.

9. Accommodations for Students with Disabilities

The University of Wisconsin-Madison supports the right of all enrolled students to a full and equal educational opportunity. The Americans with Disabilities Act (ADA), Wisconsin State Statute (36.12), and UW-Madison policy (Faculty Document 1071) require that students with disabilities be reasonably accommodated in instruction and campus life. Reasonable accommodations for students with disabilities is a shared faculty and student responsibility. Students are expected to inform me of their need for instructional accommodations by the end of the third week of the semester, or as soon as possible after a disability has been incurred or recognized. I will work either directly with the you or in coordination with the McBurney Center to identify and provide reasonable instructional accommodations. Disability information, including instructional accommodations as part of a student's educational record, is confidential and protected under FERPA. <http://mcburney.wisc.edu/facstaffother/faculty/syllabus.php>



10. Diversity & Inclusion

Diversity is a source of strength, creativity, and innovation for UW-Madison. We value the contributions of each person and respect the profound ways their identity, culture, background, experience, status, abilities, and opinion enrich the university community. We commit ourselves to the pursuit of excellence in teaching, research, outreach, and diversity as inextricably linked goals.

The University of Wisconsin-Madison fulfills its public mission by creating a welcoming and inclusive community for people from every background – people who as students, faculty, and staff serve Wisconsin and the world. <https://diversity.wisc.edu/>