

## Applied Macroeconomics

APEC 3006, Spring 2015

Times & locations Tuesday and Thursday, 1:30–2:45 P.M., McNeal 144

Instructor Joe Ritter  
249D Ruttan Hall  
(612) 625-0442  
jritter@umn.edu  
Office Hours: Weds., 1:00–2:00 P.M. or by appointment

Teaching assistant Beverly Wang  
wang2689@umn.edu  
Office Hours: Monday, 10:00–11:30 A.M. and by appointment  
*Beverly's office hours will be held in Waite Library  
(on the 2nd floor of Ruttan Hall)*

Required text: N. Gregory Mankiw, *Macroeconomics*, 8th edition.

### Course overview

The objectives of this course are to (re)acquaint you with the language and data of macroeconomics, provide analytical tools for macroeconomic analysis, and build understanding of macroeconomic policy issues. At the end of the course you should be able to describe what macroeconomic data communicates about a country's economy and use analytical tools to understand how policy and external events alter the path of that economy. I will incorporate recent events as much as possible.

### Prerequisites

The prerequisites for this class are intermediate microeconomic theory (APEC 3001 or equivalent) and principles of macroeconomics (APEC 1102 or equivalent). Please see me if you are in doubt about whether you are prepared to take the class.

## Communication channels

You should be sure to check your University of Minnesota email regularly, as this is the only way to make last-minute announcements, for example, of a class cancelation.

The class has a Moodle site that will be used to distribute class materials, such as homework assignments, homework answers, URLs, etc.

The Moodle site also has a general forum where you can post questions, comments, or links. Participation in this forum, either initial postings or responses, will count toward your class participation score.

## Evaluation

### Task weights

Class participation	10 percent
Best 5 of 6 quiz scores*	20 percent
Midterm, <b>March 5</b>	15 percent
Homework assignments	30 percent
Final exam, <b>1:30 P.M., Wednesday, May 13</b>	25 percent

\*Quizzes will be given at the *start* of class on February 5, February 19, March 19, April 2, April 16, and April 30.

*I do not grade on a curve (where a fixed percent of students get As, Bs, . . . ) since my goal is for every student to earn an A. Approximate grade ranges are shown below, but I reserve the right to adjust them by two points in either direction.*

### Grade ranges (%)

A	[94, 100]
A–	[90, 94)
B+	[86, 90)
B	[82, 86)
B–	[78, 82)
C+	[72, 78)
C	[68, 72)
C–	[64, 68)
≤ D+	discretion*

\*I like to hope I won't have to think about this.

See the University's verbal definitions of letter grades at

<http://www.policy.umn.edu/Policies/Education/Education/GRADINGTRANSCRIPTS.html>

*Partial credit policy:* Writing a lot of words that have nothing to do with a question does not earn partial credit. Getting something right does. We are happy to fix grading errors, but judgments about how much partial credit an answer deserves have to be final since they must be consistent across students.

*Extra credit policy:* Any extra credit opportunities will be offered to all students in the class. These opportunities are generally minimal in my classes.

## Homework assignments

There will be about ten homework assignments during the semester.

I encourage you to work with others on the homework assignments, but **you must write up the answers in your own words!** If you can't do that, you don't understand the answer. In that case, ask for help from fellow students, the TA, or me. Working with others **does not mean taking turns**, it means working together on each question.

**Handwritten assignments will not be accepted**, but hand-drawn graphs and hand-written equations are acceptable.

It is a good idea to write your answers a bit ahead of time, so that you can go back the next day to see if what you wrote is really as clear as you thought. We can't know what you meant, only what you wrote!

## Class participation

Class participation fairly high weight. The more active you are in the learning process, the more efficiently you'll learn. Class participation points provide an incentive to be active.

You get some participation points just by showing up regularly. You get more by asking questions, answering questions, or posting on the Moodle discussion forum.

## Quizzes and exams

There will be quizzes at the start of class on February 5, February 19, March 19, April 2, April 16, and April 30. The midterm will be on March 5.

Though these tests will emphasize recent material, any material that has been covered in the class is fair game. *Material in the assigned reading, but not covered in lecture may also be on the tests.*

Your lowest quiz score will be dropped. If you miss a quiz, that is the score that will be dropped. A make-up quiz or midterm will be given in only two circumstances: (1) You are sick or injured *and* bring a note from your doctor. (2) You tell me *at least one week in advance* that you will be absent (this includes religious holidays and University-sanctioned events). Quizzes must be made up within one week of returning to class.

*No electronic devices will be allowed during quizzes and exams.* No tablets, no phones, no calculators, no tablets. Not even so that you can check the time.

## Required Policy Statements

The University of Minnesota requires that syllabi include references to the policies on student conduct; use of personal electronic devices in the classroom; scholastic dishonesty; makeup work for legitimate absences; appropriate student use of class notes and course materials; grading and transcripts; sexual harassment; equity diversity, equal opportunity and affirmative action; disability accommodations; mental health and stress management; *and* academic freedom and responsibility. Please review them here:

[http://www.policy.umn.edu/Policies/Education/Education/SYLLABUSREQUIREMENTS\\_APPA.html](http://www.policy.umn.edu/Policies/Education/Education/SYLLABUSREQUIREMENTS_APPA.html)

# Course Outline

● = required reading

○ = optional reading

All required reading is fair game for quizzes and tests, even if not discussed in class.

Additional reading about current events will be assigned regularly.

## Introduction and Macroeconomic Data (classes 1-2)

- Mankiw, Chapter 1 (class 1)
- Mankiw, Chapter 2 (classes 1 and 2)

## Classical Theory: The Economy in the Long Run (classes 3-9)

- Mankiw, Chapter 3 (class 3)  
A quick review of theory of the profit-maximizing firm from APEC 3001 might be useful before reading section 3.2.
- Mankiw, Chapter 4 (class 4)  
Skim pages 92-93
  - *The Federal Reserve System: Purposes and Functions*, (Board of Governors of the Federal Reserve System, 1994), Chapter 2.  
Available here: <http://www.federalreserve.gov/pf/pf.htm>
- Mankiw, Chapter 5 (class 5)  
You don't need to read the appendix, though it's pretty interesting.
- Mankiw, Chapter 6 (classes 6-8)  
*Do* read the appendix.
- Mankiw, Chapter 7 (class 9)

## **Growth Theory: The Economy in the Very Long Run** (classes 10-13)

- Mankiw, Chapter 8 (classes 10 and 11)  
You can skip pages 220-224.
- Mankiw, Chapter 9 (classes 12 and 13)

**Midterm:** class 14, March 5

## **Business Cycle Theory: The Economy in the Short Run** (classes 14-25)

- Mankiw, Chapter 10 (classes 14 and 15)  
Skim 10.3 or ignore it if you remember the AD curve from your last macro class.
- Mankiw, Chapter 11 (classes 16 and 17)
- Mankiw, Chapter 12 (classes 18-20)
- Mankiw, Chapter 13 (classes 21-23)  
The appendix is important.
- Mankiw, Chapter 14 (classes 24 and 25)

## **Topics in Macroeconomic Theory and Policy** (classes 26-30)

- Mankiw, Chapter 16.2-16.3, 16.6 (classes 26 and 27)  
Review indifference curves and budget constraints from micro before jumping into 16.2.
- Mankiw, Chapter 20 (classes 28-29)
- Mankiw, Chapter 19 (class 30)
- Mankiw, Epilogue  
Probably not covered in class, but read it before the final exam!