

REVISED

Economics 201
Mark Witte

Northwestern University
Department of Economics

Intro to Macroeconomics
Winter 2019

Contact Info: mwitte@northwestern.edu, Office: Kellogg Global Hub 3393
 Class meets: Harris Hall 107 MWF 1:00-2:00, TA sections Tuesdays 9:00, 10:00, 5:00, 6:00
 Office Hours: Mondays & Wednesdays 2:00-3:00 in University 118, Tuesdays 1:15-3:15 in Kellogg Global Hub 3393, and also at other times by appointment.
 Texts: **(KW)** [*Macroeconomics, 5th edition*](#), by Paul Krugman & Robin Wells, 2017

- Loose Leaf + SaplingPlus: ISBN 9781319198169
- eText + SaplingPlus: ISBN 9781319195960

(GT) [*Principles of Microeconomics*](#), Greenlaw/Taylor, OpenStax (2016) (Free online)
(B) [*New Ideas from Dead Economists*](#), (any edition), by Todd Buchholz. Plume Press.
(D) [*Economics: A Very Short Introduction*](#), Partha Dasgupta, Oxford Press, 2007
 Web notes and slides on the courses page for this class:
<https://sites.google.com/site/markwitteeconomics/home/economics-201-introduction-to-macroeconomics>

Class Date	Lecture Content	Read before <i>this</i> Lecture
Mon. Jan. 7	Economic thinking: Adam Smith	KW 1 & appendix B I, II (Intro, Adam Smith)
TA Tues. Jan. 8	A little game of human behavior (NO QUIZ)	
Wed. Jan. 9	Choices and Opportunity Costs	KW 2, D Prologue (pp. 1-13)
Fri. Jan. 11	Micro: Supply & Demand	KW 3, D 4 (pp. 72-90)
Mon. Jan. 14	Messing with Markets, Elasticity Consumer & Producer Surplus	KW 4
TA Tues. Jan. 15	Elasticity of Demand & Monopoly	
Wed. Jan. 16	More Micro: Market Structure Classical Market Failure	B VII (Marshall), VIII (Institutional) GT 12 & 13 on externalities
Fri. Jan. 18	Advanced Market Failure, Health Insurance.	GT 16 on risk & insurance
Mon. Jan. 21	MLK Day - No Class	
TA Tues. Jan 22	Taxes and Markets	Vox on Marginal Tax Rates
Wed. Jan. 23	Government Failure, Taxes	B IV (Ricardo pp. 62-63, 69-73) B XI (Public Choice pp. 253-271)
Fri. Jan 25	Macro: Long Run Growth versus Short Run Fluctuations Circle flow of Income, Malthus versus Ricardo	P/N Deadline KW 6, 8. D 1 (pp. 14-29), B III (Malthus), B IV (Ricardo pp. 74-76)
Mon. Jan. 28	Catch up before the midterm	
TA Tues. Jan 29	Midterm review (NO QUIZ)	
Wed. Jan. 30	Midterm I - Material from Jan. 7-Jan. 28	(15% of class grade)
Fri. Feb. 1	Computing & Using Price Indexes	KW 7
Mon. Feb. 4	Long Run Economic Growth	KW 9, Gordon , Gordon , Klenow , Rosling
TA Tues. Feb 5	Consumption	KW 11 pp. 321-327
Wed. Feb. 6	Savings & Investment & Finance	KW 10
Fri. Feb. 8	Income & Expenditure	KW 11
Mon. Feb. 11	Macro Demand-Side Equilibrium	B IX (Keynes)
TA Tues. Feb. 12	GDP Equilibrium Tables	

Wed. Feb. 13	Aggregate Supply, Aggregate Demand	KW 12, B VI (Marx)
Fri. Feb. 15	Fiscal Policy, Government Debt & Deficits	KW 13 Drop Deadline
Mon. Feb. 18	Catch up before the midterm	
TA Tues. Feb. 19	Midterm review (NO QUIZ)	
Wed. Feb. 20	Midterm II - Material from Jan. 28-Feb. 18	(25% of class grade)
Fri. Feb. 22	The Federal Reserve & Banking	KW 14, NY Fed History
Mon. Feb. 25	Money & Banking	KW 15, Baby Sitting Co-op , Radford
TA Tues. Feb. 26	Monetary Base, Money Mult, Money Supply	Dime , Surowieki ,
Wed. Feb. 27	Monetary Policy	B X (Friedman), Fed Video 1
Fri. March 1	Financial Crises	KW 17, Fed Video 2
Mon. March 4	Phillips Curve: Unemployment v. Inflation	KW 16
TA Tues March 5	Gains from International Trade	
Wed. March 6	International Economics, Exchange Rates	KW 18, Desjardens
Fri. Mar. 8	International Trade	KW 5, B IV (Ricardo again)
Mon. March 11	Conclusion: Income distribution vs. efficiency	D Epilogue (pp. 158-160)
Friday, Mar. 22	Cumulative Final Exam - 9:00-11:00	(40% of class grade)

TA Sections are on TUESDAYS

- **9:AM-9:50** in Tech L251 with Federico Puglisi (section 41)
- **10:AM-10:50** in Tech M177 with Federico Puglisi (section 42)
- **10:AM-10:50** in Tech L221 with Kohei Matsumura (section 45)
- **5:PM-5:50** in 560 Lincoln 101A with Kohei Matsumura (section 46)
- **5:PM-5:50** in Shepard B05 with Eduardo Campillo Betancourt (section 43)
- **6:PM-6:50** in Shepard B05 with Eduardo Campillo Betancourt (section 44)

Office Hours

Mondays	Mark	2:00-3:00	University 118
Tuesdays	Mark	1:15-3:15	Kellogg Global Hub 3393
Wednesdays	Mark	2:00-3:00	University 118

TA Office Hours TBA

Grading	Share of Class Grade
First Midterm	15%
Second Midterm	25%
Final exam	40%
TA Section Quizzes	5%
Sapling Learning System	5%
Canvas Homework	10%

You can see the dates for the Sapling assignments when you log into the program. Do start early on them and let me know if some topics are giving you trouble. I've opened them all up now, so you can work ahead if you want to. **I'll send out an announcement when the Sapling problems are ready to start.**

The following are frequently asked questions that many of you will have about the class.

Q1: **What should I read for each day?**

A1: For each listed lecture, read the listed chapters in the right column for that day..

- Paul **Krugman** won the Nobel Prize in economics, is a professor at the City University of New York, and [writes a lot for the *New York Times*](#). He wrote the book with his economist wife, Robin Wells. You can get the book in traditional paper form or the less expensive e-book. We will be using the new 5th edition of their *Macroeconomics*. (Be careful not to buy the similar looking *Microeconomics* or *Economics*.) The text will also be on reserve in the library.
With the Krugman/Wells text we will also be using Sapling Learning Systems for online homework. See the below for information on purchasing the loose leaf and e-text versions of the book as well as getting signed up for Sapling.
- DON'T BUY: Todd **Buchholz** wrote a fun book, *New Ideas from Dead Economist*, and does an outstanding job of making it clear that economics is an evolving discipline (as are all subjects) and one where our understanding will be even better in the future. It will also be on library reserve.
- DON'T BUY: Partha **Dasgupta** presents a more philosophical and international perspective on what we hope to learn by studying economics. The library has a e-version available through course reserves. This book is fairly high level and a challenging intellectual read, but hey, you chose to come to Northwestern.
- I will post [notes](#), [lecture slides](#), [readings](#), and a bunch of [old exams](#) on the class webpage. People who study these old exams will probably do very well on the exams I give, and people who don't study them will likely do very poorly. Got it?

Q2: What's the deal with the TA sections?

A2: The sections will run for 50 minutes, and will include a quiz plus the TAs will explain some class material and work out some problems that will appear on the exams.

Q3: What are the learning objectives for this class?

A3: This course should give you frameworks and develop economic reasoning for you to understand what markets do well and poorly, and understand short and long run macroeconomic phenomena.

Q4: What are the basic work expectations for the class?

A4: I hope that you will do about two hours of study for every hour of lecture, and that you will read the material assigned for the lecture before class (and yes, you'll have to catch up on the first lecture assigned reading too). You may collaborate with your classmates on the homework. For the Sapling homework, you will achieve a perfect score by correctly completing 75% of each assignment (so don't get too worried about the answer to any particular problem). Be mindful of the Sapling calendar, start early on assignments, and don't come crying about missed deadlines. (You can do multiple tries on Sapling, but each time reduces the total points allowed by 5%. However, I'm guessing you can still get it right and beat the 75% cut-off for full credit.)

Q5: What is your electronic communication policy?

A5: **(1)** I expect you to have your preferred e-mail address entered into Canvas so that I can send messages to the class, and I expect you to check that e-mail on a daily basis. **(2)** Use the Canvas module **Piazza** discussion forum to post questions that would be of general use to your classmates. (Yes: "What does GDP stand for?" No: "I got 11 points on the midterm; does that mean I'm going to flunk the class?") Piazza is a nice discussion forum where you can post anonymously if you prefer. The story of [its creation](#) is cool. When you post on Piazza about specific homework or exam questions, it's very helpful if you cut-and-paste the actual question into what you write in Piazza. **(3)** Silence your cell phone for the duration of the class and put it away where you won't be tempted to look at it. However, if you're feeling really on top of

the material, you can signal me that you want me to ask you a question by having your phone out during lecture.

- Q6: Is it OK if I surf the web and [watch crazy videos](#) or play with my phone whenever your lectures get too boring?
- A6: Sorry, no. [No computers in class](#); take notes on paper, it's a [better](#) way to [learn](#)! And put your phones away where you won't be tempted to look at them during lecture. (I understand that some of you like to take notes on your computer. However, I take a pretty decent salary with the expectation that in return I am to teach you economics. So, the temptation to look at distractions online during class is likely to diminish your learning in lecture, and worse still, people who are web surfing distract the people around them, creating a negative externality.) If this creates a great hardship for you, please come talk to me about it, and we can find you a place in the front row on the side.
- Q7: During exams, can I use my cell phone with messaging and camera as a calculator? Also, I have to get up to go to the bathroom every 20 minutes; is that OK?
- A7: Hell^{No}. Get a regular calculator; a really cheap one will suffice (but any kind is fine). Also, no smartwatches allowed during exams. And get your bathroom needs done before exams, then hold it until you're done.
- Q8: What happens if I fall suddenly ill and am unable to make it to a test?
- A8: For quizzes and midterms, you are out of luck; no make-ups. However, we will drop your lowest two quizzes (or more precisely, the maximum total score on the quizzes will be the sum of points for a perfect score on each quiz, minus 40 points). If you must miss a midterm, be sure to e-mail me in advance or your misfortune will be doubled, otherwise you will get a zero on the test for a grade of F, which cannot be made up. Don't make this mistake. If you do come down with mono or something *and do reach me* (and can document your reason), you won't get a zero on the test. However, there will be no make-up exams; instead the weight of the final exam score will be increased to make up for the missed test.
- Q9: What is the deal with these TA Section quizzes?
- A9: The quizzes aren't meant to torture you – rather, they are intended to encourage you to stay caught up in the reading so that you better understand the material when we talk about it in class. The quizzes will be in the TA sections (but not the first week!) and generally have two questions, one out of the reading for **the coming week** and one about what we covered in the previous week. The aim is for these quizzes to be pretty low stress and easy, with the hope that they will make sure you stay up in the reading and study your notes. As such, the quizzes are not intended to be a significant test of your understanding (that is what the exams are supposed to do) but are just an attempt to give you credit and encouragement for getting the reading done in a timely way. With luck, this will allow me to do a better job of covering the material. The grading will be on a 0, 5, 10 basis for each question (for a total of 20 per quiz), and we will drop your lowest two quizzes (or more precisely, the maximum total score on the quizzes will be the sum of points for a perfect score on each quizzes, minus 40 points).
- Q10: What is the deal with these “Canvas homeworks?”
- A10: There will be a bunch of these over the course of the quarter and they will usually follow what we did in lecture, and have some predictive value for what will be on the exams. Sometimes they will be computational, and sometimes they will be something that you write up, scan, and upload. Your first Canvas Homework is to post an interesting article relating to economics in Piazza (in Canvas). When you post your article, don't send it to the whole class but rather only to me, and be sure to put your last name in the header so I know it's from you.

- Q11: Can you give us a hint about what will be on the first TA Section quiz?
A11: Ha, sure! (1) What is one factor that will cause the demand curve to shift? (2) What subject was Adam Smith's main field of study before he got into economics? Further, there will be a bonus question about information on this syllabus.
- Q12: In addition to the assigned readings, is it a good idea to read the newspaper?
A12: Absolutely. To understand economics, it is important to keep track of the world around us. I read a bunch of news sources and these are the source for many of my exam questions, with the [New York Times](#), [Wall Street Journal](#), and [Economist](#) magazine being the best sources. I also read [Economist's View](#), [Marginal Revolution](#), and [Vox.com](#) daily.
- Q13: I've done the reading and thought about the material but I am still so confused that I don't even know what to ask. Should I feel embarrassed about coming to office hours for help?
A13: Not at all. If you have done the reading, office hours are an excellent time to clear up big or small uncertainties and to search for new ones before the next test finds them for you. We hold office hours for precisely this purpose. The TAs are particularly good with computational type problems and Mark is better with questions about the readings.
- Q14: The lecture is running a few minutes over, what should I do?
A14: Please quietly stay put and observe a rare occurrence.
- Q15: Can I expect any leniency if I'm caught cheating or engaging in any unethical behavior?
A15: No. Weinberg's policy is that students who are suspected of cheating are reported *immediately*. In recent years, I've sent the names of students to the dean; some were expelled and those who were not did not enjoy the experience.
- Q16: In studying for the tests, should I stress studying the notes, the books, or the readings?
A16: All of the above.
- Q17: Will there be a lot of math in this class?
A17: Yes, if you hate math. If you like math, there will seem to be almost none. It's mostly algebra and graph drawing. However, if you go on in economics, you will find that some of the high-level economics classes have a lot of math in them, and almost all Ph.D. economists also majored in math.
- Q18: I can see that half of the people in this class are smarter and harder working than I am and the other half of the students are dumber and lazier than I am. What grade will I get?
A18: B-. You are the median or middle student. Half the class will get grades of B- or better and the other half will get grades of B- or worse. More specifically, every point you earned in here is combined into a weighted total, where regardless of how you did on any particular part of the class, if you end up with the same number of points (for example) as someone who performed at a B level throughout the class, then you'll end up with a B.
- Q19: I come out very close to a higher grade. How about if you give it to me?
A19: No...unless you are deserving of special consideration.
- Q20: Am I deserving of special consideration?
A20: That depends. I may give you a higher grade than you earn on the tests if I feel that your comments in class, section, and office hours improve the education of your fellow students and show you are able to and have been thinking intelligently about the material.

Q21: Is there some sort of academic mentoring program associated with this class?

A21: Why, yes, and here's info on it: .

Quarter-Long Opportunity – Registration Required:

Peer-Guided Study Groups offers peer-led academic support in a small-group setting for students enrolled in this course. If you join the program, you will meet weekly with about 5 to 8 other students and a peer facilitator – a student who has already taken and done well in the course. During sessions, students review concepts, work through practice problems, raise questions, and work together to develop answers. Students register for the full quarter on CAESAR and attendance is expected weekly. Study Groups sessions are listed below course lecture and discussion sections (ex. BIOL_SCI 217-SG - BIOL_SCI 217-SG Peer-Guided Study Group: Physiology). Contact Jamila at jamila.anderson@northwestern.edu or Borislava Miltcheva at borislava.miltcheva@northwestern.edu with any questions.

Drop-In Support – No Appointment Needed:

- Sunday afternoon Drop-In Peer Tutoring: Students can drop in to study alone or with others and ask questions of a peer leader who has done well in the class. Occurs on Sundays from 3–5 pm in the Shepard Engagement Center. Snacks provided! One-to one tutoring available for math and economics – sign up when you arrive. (Covers Bio 215, 217, 219, 308; Chem 110, 131, 132, 151, 152, 210; Econ 201, 202, 310-1 (winter only); Engineering Analysis 1 & 2; Math 212, 213, 214, 220, 224, 230; Physics 130, 135; Stat 202, 210)

- Evening Drop-In Peer Tutoring: Peer tutoring is available for calculus, chemistry and physics courses on Sundays through Wednesdays, 8-10 pm in Tech HG04 , and on Sundays and Wednesdays, from 8-10 pm, in Shepard B05. (Covers Math 212, 213, 214, 220, 224, 230, 234, 240, 250, 290; Chem 110, 131, 132, 151, 152, 171, 172; Physics 130, 135)

If you have questions about drop-in tutoring, please contact Una McGeough at una.mcgeough@northwestern.edu.)

Q22: What if you have concerns about accessibility for this class?

A22: Any student with a documented disability needing accommodations is requested to speak directly to the AccessibleNU (accessiblenu@northwestern.edu, 847-467-5530) and the instructor, as early as possible in the quarter (preferably within the first two weeks of class). All discussions will remain confidential.

Q23: What is the most important thing?

A23: Most important, please be assured that I want students to learn and to receive the good grades they deserve. So please make an appointment with me should you have undue difficulty with your work in the course.

Student sign-up instructions for *Sapling*:

[NOTE: You get a 14 day trial period on Sapling before you have to pay for it.]

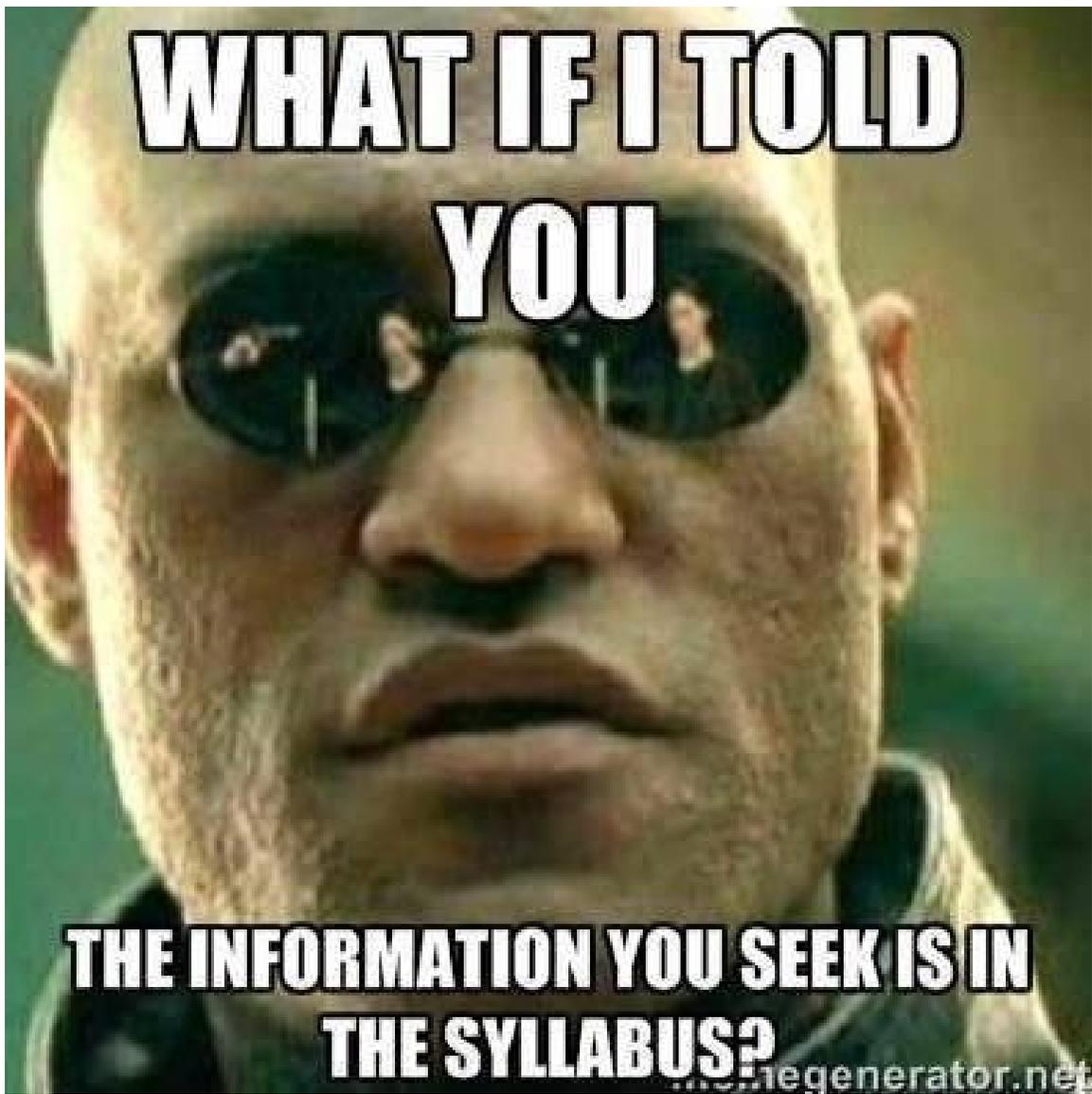
Go to www.saplinglearning.com/login to log in or create an account.

- Under “Enroll in a new course”, you should see Courses at Northwestern University. Click to expand this list and see courses arranged by subject. Click on a subject to see the terms that courses are available.

- Click on the term to expand the menu further (note that Semester 1 refers to the first course in a sequence and not necessarily the first term of the school year).
- Once the menus are fully expanded, you'll see a link to a specific course. If this is indeed the course you'd like to register for, click the link.
- To access your eBook click on the image of the cover on the right sidebar of your course site. Create an account or log in with an existing Macmillan Learning eBook account.
- Need Help? Our technical support team can be reached by phone, chat, or by email via the Student Support Community. To contact support please open a service request by filling out the webform: <https://macmillan.force.com/macmillanlearning/s/contactsupport>.

The following link includes more detailed instructions on how to register for your course:

<https://macmillan.force.com/macmillanlearning/s/article/Sapling-Learning-Registering-for-courses>.



**WHAT IF I TOLD
YOU**

**THE INFORMATION YOU SEEK IS IN
THE SYLLABUS?**

memegenerator.net