

Contact Info: [mwitte@northwestern.edu](mailto:mwitte@northwestern.edu)  
Class meets: MWF Noon-12:50 (I intend to video record all of these) in Tech LR 3.  
Office Hours: After class (MWF 1:00-2:00) in Tech L158 and also Wednesdays 2:00-3:00 in Kellogg 3393.  
I am also available other times by appointment, so let me know if you want to talk.  
Materials The best source is on Canvas under "Pages" but you can find most things here too:  
<https://sites.google.com/site/markwitteeconomics/>

**LINKS INDICATE REQUIRED READINGS AND VIDEOS**

<b>Week of March 28 - Introduction &amp; Multiple Equilibrium, Consumption, Investment</b>
<b>FIRST CLASS IS TUESDAY, MARCH 28 (because NU's calendar is cray-cray)</b> <b>Recommended:</b> HBO's <a href="#">Panic</a> (What an insanely great cast!) Intro - <a href="#">How to use FRED</a> Models of Equilibria - <a href="#">Inside a Bank Run</a> 45-degree line, equations, multiplier - Haywood <a href="#">1.2</a> and <a href="#">1.3</a> Babysitting Co-op - <a href="#">Babysitting Co-op</a> , <a href="#">Desert Island</a> Hare & Stag - <a href="#">Video</a> Models of Consumption & Saving Keynes' Consumption Function Friedman's Permanent Income Hypothesis (PIH) - Haywood <a href="#">1.6</a> Modigliani's Life-Cycle Hypothesis (LCH) Ramsey's Euler Equation Model of Consumption Investment Investment - Tobin's Marginal $q$ and Average $Q$ - <a href="#">Tobin's Q</a> Investment & Savings: The IS Curve - Haywood <a href="#">1.4</a>
<b>Week of April 3 - Supply Side: Firms, Microeconomics of Perfect/Imperfect Competition, Sources of Long Run Growth</b>
(Monday, April 3rd is the last day to add a class.) LR Growth: Neoclassical Solow Model (Perfect Competition, Constant Returns to Scale) <a href="#">Or World in Data</a> , <a href="#">Steelman &amp; Weinberg</a> , <a href="#">Gordon</a> , <a href="#">Rosling</a> , <a href="#">Koreans</a> , Haywood <a href="#">8.1</a> , <a href="#">8.2</a> , <a href="#">8.3</a> LR Growth: New Growth Theory (Romer & Others, Increasing Returns to Scale) - <a href="#">Klenow</a> , <a href="#">Washing Machine</a> , <a href="#">xkcd Pathogens</a> , Haywood <a href="#">8.4</a> Supply Side: Firms and Imperfect Competition - <a href="#">Micro Handout</a> <b>TA: Solow, Quiz 1</b>
<b>Week of April 10 - Supply Side: Labor Markets</b>
Supply Side: Wage Bargaining, Efficiency Wages - <a href="#">Core sections 6.1-6.16</a> , <a href="#">Core sections 8.1-8.8</a> , <a href="#">Labor video Monopsony</a> - Krugman Measuring Unemployment - <a href="#">Brookings</a> , <a href="#">Taylor</a> Labor Markets: Flows, <a href="#">Beveridge Curve 1</a> , <a href="#">Beveridge Curve 2</a> , <a href="#">Beveridge Curve 3</a> , <a href="#">Jaimovich &amp; Siu</a> . <a href="#">Auter</a> Changing jobs - <a href="#">Gawande</a> <b>TA: Economic Growth, Quiz 2</b>

**Week of April 17 - Macroeconomic Fluctuations, Inflation**

IS-LM (Investment-Savings versus Liquidity Preference for Money) - [IS-LM](#) - Krugman, [Keynes](#)  
Taylor Rules & Loss Functions - [Policy Rules](#) - Cecchetti  
Phillips Curve - [Phillips Curve](#) - Cecchetti, [Inflation](#), [Haywood 2](#)  
Yield Curves - [Visualization](#)  
**TA: Taylor Rule, Quiz 3**

**Week of April 24 - New Keynesian 3-Equation Model, EXAM 1 on WEDNESDAY**

3 Equation Model: IS, Phillips Curve, Policy Rule - [Haywood 3](#), [Haywood 4](#)  
3 Equation Model: Monetary Policy - [Haywood 5](#), [FDR's First Fireside Chat](#), [Fed Video 1](#), [Fed Video 2](#)  
3 Equation Model: Fiscal Policy  
**TA: Review, No quiz**

**WEDNESDAY, APRIL 26 Noon-12:50 - Exam 1 (Coverage through Friday, April 21)**

**Week of May 1 - Banking & Finance**

Leverage - [Admati](#), [Capital](#) - Cecchetti  
**TA: Leverage tricks**  
Bank Balance Sheets & Leverage: [Moral Hazard](#) - Cecchetti, [Diamond & Dybvig](#), [Matt Levine](#)  
Bubbles - [Ponzi](#)  
[CDOs 1](#), [CDOs 2](#)  
Financial Sector Crises - [Jim Cramer rant](#), [Santelli rant](#), [Stress Tests](#) - Cecchetti  
[Adverse Selection](#) - Cecchetti  
**TA: 3 Equation Model, Quiz 4**  
DROP DEADLINE FRIDAY, MAY 5

**Week of May 8 - Monetary Policy**

Monetary Policy - [Surowiecki](#), [POW Camp](#), [Fed Independence](#) - Cecchetti, [Lender of Last Resort](#)  
[Inflation Forecasting](#)  
Forward Guidance - [Brave New World MP](#) - Cecchetti, [Unconventional MP](#), [Christiano](#)  
[Money Creation](#), [Fed Chairs](#), [Alternative Inflation Targets](#)  
**TA: Forward Guidance, Quiz 5**

**Week of May 15 - Government Debt, International**

Government Debt Dynamics - [Debt Sustainability](#) - Cecchetti, [Time Consistency](#) - Cecchetti, [Budget Basics](#)  
International Macroeconomics  
Capital flows  
**TA: Debt Dynamics, Quiz 6**  
P/N DEADLINE FRIDAY, MAY 19

**Week of May 22 - International & Last Exam**

Exchange Rates: [Big Mac Index](#) - Cecchetti, [More Big Mac Index](#), [Mundell-Fleming](#), [China & US Bonds](#)  
**TA: Review, No Quiz**

**Friday, May 26, Noon-1:00 Exam 2**

## TA sections

- 9:AM in Locy 214 with Michael Cai [michaelcai2025@u.northwestern.edu](mailto:michaelcai2025@u.northwestern.edu)
- 10:AM in Locy 214 with Michael Cai [michaelcai2025@u.northwestern.edu](mailto:michaelcai2025@u.northwestern.edu)
- 5:PM in Tech LG52 with Yan Chiu [kwokchiu2025@u.northwestern.edu](mailto:kwokchiu2025@u.northwestern.edu)
- 5:PM in Tech L251 with Miguel Santana [msantana@u.northwestern.edu](mailto:msantana@u.northwestern.edu)
- 6:PM in Tech L251 with Miguel Santana [msantana@u.northwestern.edu](mailto:msantana@u.northwestern.edu)
- 6:PM in Tech A110 with Carl Hallmann [carlhallmann2022@u.northwestern.edu](mailto:carlhallmann2022@u.northwestern.edu)
- 6:PM in Tech LG66 with Yan Chiu [kwokchiu2025@u.northwestern.edu](mailto:kwokchiu2025@u.northwestern.edu)

Exam 1	35% of class grade	Wednesday, April 26, noon-1:00 PM
Exam 2	45% of class grade	Friday, May 26, noon-1:00 PM
Homework	15% of class grade	On Canvas
Quizzes	5% of class grade	In TA sections

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

Q: How are office hours going to work?

A: After the usual MWF noon-12:50 lecture, I'll go over to Tech L158 from 1:00-2:00. I'll also be in my office in Kellogg 3393 from 2:00-3:00 on Wednesdays.

If you'd like to talk or Zoom privately with me at another time, send me an e-mail about what you want to talk about (it can be about the class or just stuff in general), what times might work for you, and what the best medium for communication would be (phone, Zoom, semaphore flags, etc.)

Q: How will the quizzes work?

A: 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 generally have two questions, one would be a graph or *from any part of the current week's reading* (even stuff not covered in lecture yet) and one about what we did in section that day.
- 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 tests 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.
- There will be no make-up quizzes; if you miss it, you miss it. However, there is a maximum possible score on the quizzes of "Perfect minus 20", so in effect, you can miss a quiz without suffering any harm to your grade if you're otherwise perfect.
- For the quiz, the TA will project the questions onto the screen at the front of the class and you will write your name, e-mail address, and answers onto a piece of paper (bring paper!), and then send a smartphone picture of your answers (bring a smartphone or sit

next to someone who will share with you!) to a link we will send you. I know it sounds complicated, but really, it's less complicated than passing paper around.

- For the first quiz, question one will be "Draw an IS curve and correctly label the axes." Question two will be, "Briefly, what is the difference between Tobin's  $q$  and Tobin's  $Q$ ?"

Q: How does the homework work?

A: We will post questions and you will submit answers through Canvas. The computational problems will be graded by Canvas, and you will get three chances to get them right. You can collaborate with your peers on these and ask us questions through the Canvas discussion forum (anonymously if you wish). Some of the homework will involve you submitting hand-drawn graphs.

Q: How will the exams work?

A: They will be in person in our classroom. You can use a calculator. The exams will have problems like from the homework, some graph drawing, and some short essays.

Q: What are the "learning objectives" for this class?

A: This course should give students frameworks and economic reasoning for understanding short and long-run macroeconomic phenomena, and the possibilities and limits of macroeconomic policy.

Q: I am not now nor have I ever taken the prerequisites. Am I in trouble in here?

A: Probably; this class uses the tools of Econ 201 Introduction to Macroeconomics and Econ 202 Introduction to Microeconomics, as well as some algebra and differential calculus.

Q: What's the deal with the readings?

A: There are a variety of readings for this class and you can find them linked from my syllabus and webpage for this class, as well as on "Pages" in Canvas. Other relevant readings may be assigned as the quarter goes forward.

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

A: 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).

Q: What is your electronics communication policy?

A: **(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 Canvas's discussion forum to post questions that would be of general use to your classmates. (Yes: "What does MR stand for?" No: "I got 11 points on the midterm; does that mean I'm going to flunk the class?") **(3)** Watch all the videos we record and get the work done.

Q: What about asking questions in class?

A: If I haven't been clear about a definition or abbreviation or something, it is a Kantian imperative that you raise your hand and get me to fix it! Otherwise, I'm just wasting everyone's

time. Seriously, if you're puzzled by something, then probably everyone else is as well, so you'd be serving Northwestern's educational mission by getting it cleared up. If you've got a question about something related to what we're doing, but not directly part of the lecture, that's good too, but raise it in office hours or on the Canvas discussion forum. Thanks!

Q: What happens if I fall suddenly ill and am unable to make it to a test?

A: If you do not reach me or leave a message on my e-mail ([mwitte@northwestern.edu](mailto:mwitte@northwestern.edu)), your misfortune will be doubled. You will get a zero on the test for a grade of F that cannot be made up. Any problem that causes you to be physically unable to take a test must be carefully documented by an independent source who can confirm that you were incapacitated. A missed midterm will have its weight put on the next exam.

Q: Can I expect any leniency if I'm caught cheating or engaging in any unethical behavior?

A: No. I will probably give you a grade of "F" for the class and I will certainly notify the Dean who will be asked to pursue further action. It's not fun for anyone involved. .

Q: In studying for the tests, should I stress studying the notes or the readings?

A: Well, both, but particularly the notes. I'll make sure that I don't inflict any math problems on the exams that I haven't already given you on a homework. Note however, that not everything that is important for the class, or that I cover in lecture or the readings will make it onto the test. Some material is important for you to learn, but does not lend itself to good test questions. I'm also inclined to have you do math on homework to build that level of understanding there, and then use graphs on exam questions so as to minimize the chance of algebra mistakes causing you to miss points on something where you had a good level of understanding.

Q: Averaging my grades, I come out very close to a higher grade. How about if you give it to me?

A: No...unless you are deserving of special consideration.

Q: Am I deserving of special consideration?

A: That depends. I may feel you deserve a higher grade than you earn on the tests if I feel that your comments in class, discussion posts on Canvas, and office hours improve the education of your fellow students and show you are able to and have been thinking intelligently about the material.

Q: What are the math requirements for this class?

A: You will need to be able to do really simple calculus, graphing, exponentials, and algebra. I will do some more complicated math for the purposes of exposition but I will not ask you to reproduce it on the exams although you should understand the underlying ideas. As a guide, I will try to preview any math or exposition you might need in a homework.

Q: This syllabus is pretty long; do you think that anyone is still reading?

A: We're about to find out!

Q: What is the First Homework?

A: Your first Canvas Homework is to post an interesting article relating to economics in Canvas's discussion board. When you post your article, be sure to put your name in the header so I know it's from you. To get credit for this, you'll also have to put the article in as the answer

to the first homework problem on Canvas. (See...you're getting practice with the Canvas discussion board *and* the Canvas homework system!)

Q: What do economists read to learn about what's going on in macro?

A: <https://marginalrevolution.com/> I check them every morning. Also, this guy is pretty great; I've signed up to get his column e-mailed to me every weekday.  
<https://www.bloomberg.com/opinion/authors/ARbTQIRLRjE/matthew-s-levine>

Q: What if I have concerns about accessibility for this class?

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

Q: Will this class be recorded?

A: "Portions of this class will be recorded by the instructor for educational purposes. These recordings will be shared only with students enrolled in the course and will be deleted at the end of the Quarter." You are not allowed to make recordings of the class. For more information about this, look here:  
<https://www.registrar.northwestern.edu/faculty-staff/syllabi.html>

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Q: When the class is over, what will I wish that I had known at its start?

A: Beyond the obvious things, in the past some students wrote on their CTECs that they wish they had known my tests would be so hard. I agree that my tests tend to be a bit long and I try to make them hard. Also, I'll admit there's some reading so be careful not to fall too far behind. Now you've been warned.

Q: Anything else?

A: Yes. Academic integrity; Covid; Diversity, Equity, and Inclusion; and Wellness and Mental Health.  
<https://www.registrar.northwestern.edu/faculty-staff/syllabi.html>

Q: What is the most important thing?

A: Most importantly, 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.