Economics 201   Northwestern University   Intro to Macroeconomics
Mark Witte   Department of Economics   **Winter 2020**

Contact Info: mwitte@northwestern.edu, Office: Kellogg Global Hub 3393
Class meets: Tech LR 2, MWF 1:00-1:50
                  TA sections Tuesdays 9:00, 10:00, 5:00, 6:00
Office Hours: Wednesdays & Fridays after lecture in Tech LR2, Tuesdays 1:30-3:00 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: ISBN 9781319198169 (Fairly cheap on Amazon)
           Books available online (don't buy!):
           (GT) *Principles of Microeconomics*, Greenlaw/Taylor, OpenStax (2016)
           (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 *this* Lecture
Mon. Jan 6	Economic thinking: Adam Smith	KW 1, B I, II (Intro, Adam Smith)
TA Tues. Jan 7	No TA Section this week	Careers in Economics
Wed. Jan 8	Choices and Opportunity Costs	KW 2 & appendix, D Prologue (pp. 1-13)
Fri. Jan 10	**Micro:** Supply & Demand, Consumer & Producer Surplus	KW 3, appendix to KW Ch. 5 D 4 (pp. 72-89) Simulating Supply & Demand
Mon. Jan 13	Messing with Markets	KW 4
TA Tues. Jan 14	Elasticity of Demand & Monopoly	Goolsbee on Uber
Wed. Jan 15	More Micro: Market Structure	B VII (Marshall), VIII (Institutional)
Fri. Jan 17	Classical Market Failure	GT 12 & 13 on externalities
Mon. Jan 20	**Dr. Martin Luther King Day - No class!**	
TA Tues. Jan 21	Taxes and Markets	Vox on Marginal Tax Rates
Wed. Jan 22	Taxes & Inequality	Ricardo on Taxes
Fri. Jan 24	Advanced Market Failure, Health Insurance. Government Failure	GT 16 on risk & insurance B XI (Public Choice pp. 185-197) Rent Seeking Video **P/N Deadline**
Mon. Jan 27	**Macro:** Long Run Growth versus Short Run Fluctuations Circle flow of Income, Malthus versus Ricardo	KW 6, 8. D 1 (pp. 14-29), B III (Malthus), Ricardo on Equilibrium, Desert Island
TA Tues. Jan 28	Using Price Index, Fisher Eqn., Unemployment	
Wed. Jan 29	Computing & Using Price Indexes	KW 7, Inflation & Price Measurement
Fri. Jan 31	Long Run Economic Growth	KW 9, Gordon, Gordon, Klenow Rosling

Mon. Feb 3	Catch-up before midterm	
TA Tues. Feb 4	Midterm review (NO QUIZ)	
Wed. Feb 5	**Midterm I - Material from Jan. 6-Feb. 3**	(15% of class grade)
Fri. Feb 7	Savings & Investment & Finance	KW 10 & appendix, Yield Curve
Mon. Feb 10	Macro Demand-Side Equilibrium	KW 11
TA Tues. Feb 11	GDP Equilibrium Tables	
Wed. Feb 12	Aggregate Supply, Aggregate Demand	KW 12, B VI (Marx)
Fri. Feb 14 💘	Fiscal Policy, Government Debt & Deficits	KW 13, B IX (Keynes), Budget Basics **Drop Deadline**
Mon. Feb 17	Money & Banking & The Federal Reserve	KW 14, NY Fed History
TA Tues. Feb 18	Money Multiplier	Dime, Surowieki,
Wed. Feb 19	Monetary Base vs. Money Supply	KW 15, Baby Sitting Co-op, Radford
Fri. Feb 21	Phillips Curve: Unemployment v. Inflation	KW 16
Mon. Feb 24	Catch-up before midterm	
TA Tues. Feb 25	Midterm review (NO QUIZ)	
Wed. Feb 26	**Midterm II - Material from Jan. 27-Feb. 24**	(25% of class grade)
Fri. Feb 28	Neoclassical Macroeconomics	KW 17, B X (Friedman) Fed Video1, Fed Video 2
Mon. March 2	International Trade	KW 5, Ricardo on Trade, Iowa Car Crop
TA Tues Mar 3	Gains from International Trade	
Wed. March 4	International Economics and Capital Flows	KW 18
Fri. March 6	Exchange Rates	Desjardens
Mon. March 9	Conclusion: Income distribution vs. efficiency	D Epilogue (pp. 158-160)
Mon. March 16	**Cumulative Final Exam - 9:00-11:00 AM**	**(40% of class grade)**

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

TA Sections are on TUESDAYS
- **9:AM-9:50** in Shepard B25 with Junyan Guan (section 41)
- **10:AM-10:50** in Shepard B25 with Junyan Guan (section 42/45)
- **5:PM-5:50** in 560 Lincoln 101B with Cassiano Alves (section 43/46)
- **6:PM-6:50** in 560 Lincoln 101B with Cassiano Alves (section 44)

Office Hours

Mondays	Cassiano	10:00-noon	Kellogg Global Hub 3362	CassianoAlves@u.northwestern.edu
Tuesdays	Mark	1:30-3:00	Kellogg Global Hub 3393	mwitte@northwestern.edu
	Junyan	3:00-5:00	Kellogg Global Hub 3411	JunyanGuan2016@u.northwestern.edu
Wednesdays	Mark	2:00-3:00	Tech LR2	
Fridays	Mark	2:00-3:00	Tech LR2	

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 pretty reasonably on Amazon. 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 and is available through **Books for Cats**.
- DON'T BUY: Todd **Buchholz** wrote a fun book, *New Ideas from Dead Economist*, and does an outstanding job showing how ***our understanding of economics has evolved, and will continue to evolve.***
- 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.

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 on 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 messing with your phone 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, again, 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 of the 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 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 regularly read Conversational Economist, Marginal Revolution, Economist's View. Matt Levine is crazy great if you're interested in finance.

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. **Academic Integrity is taken very seriously at Northwestern.**
Students are responsible for reading and understanding Northwestern's Academic Integrity policies. **All suspected violations of academic integrity will be reported to the Weinberg College Dean's Office.** These include: cheating, plagiarism, fabrication, unfair advantage, unauthorized collaboration, and aiding and abetting of academic dishonesty. Students found in violation of academic integrity may receive a zero on the assignment or a failing grade for the course, **and** may be suspended or permanently expelled from the University. See the WCAS website on academic integrity and Academic Integrity: A Basic Guide for more information.

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 Study Group Opportunity – Registration Required:
If you would like to study with other students in this class, consider joining a Peer-Guided Study Group. Participants 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, bring their 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 on CAESAR below course lecture and discussion sections (ex. CHEM 131-SG – CHEM 131-SG Peer-Guided Study Group: Quantitative Problem Solving in Chemistry). Feel free to contact Borislava at *borislava.miltcheva@northwestern.edu* with any questions. Provided through Academic Support & Learning Advancement.

Drop-In Peer Tutoring – No Appointment Needed:
Students are welcome to stop by Drop-In Peer Tutoring to get support with a specific question or issue, or just talk through course materials with others. Covers many introductory courses in Biology, Chemistry, Economics, Engineering, Math, Physics and Stats. Tutoring takes place Sundays through Thursdays in the Shepard Engagement Center and 560 Lincoln. Snacks provided! **Check specific times, courses and locations on the Drop-In Peer Tutoring website.** Feel free to contact Una at *una.mcgeough@northwestern.edu* with any questions. Provided through Academic Support & Learning Advancement.

Wondering how to become a peer leader? ASLA's Peer Leader Opportunities page has more details about the various positions.

Q22: What if I 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.
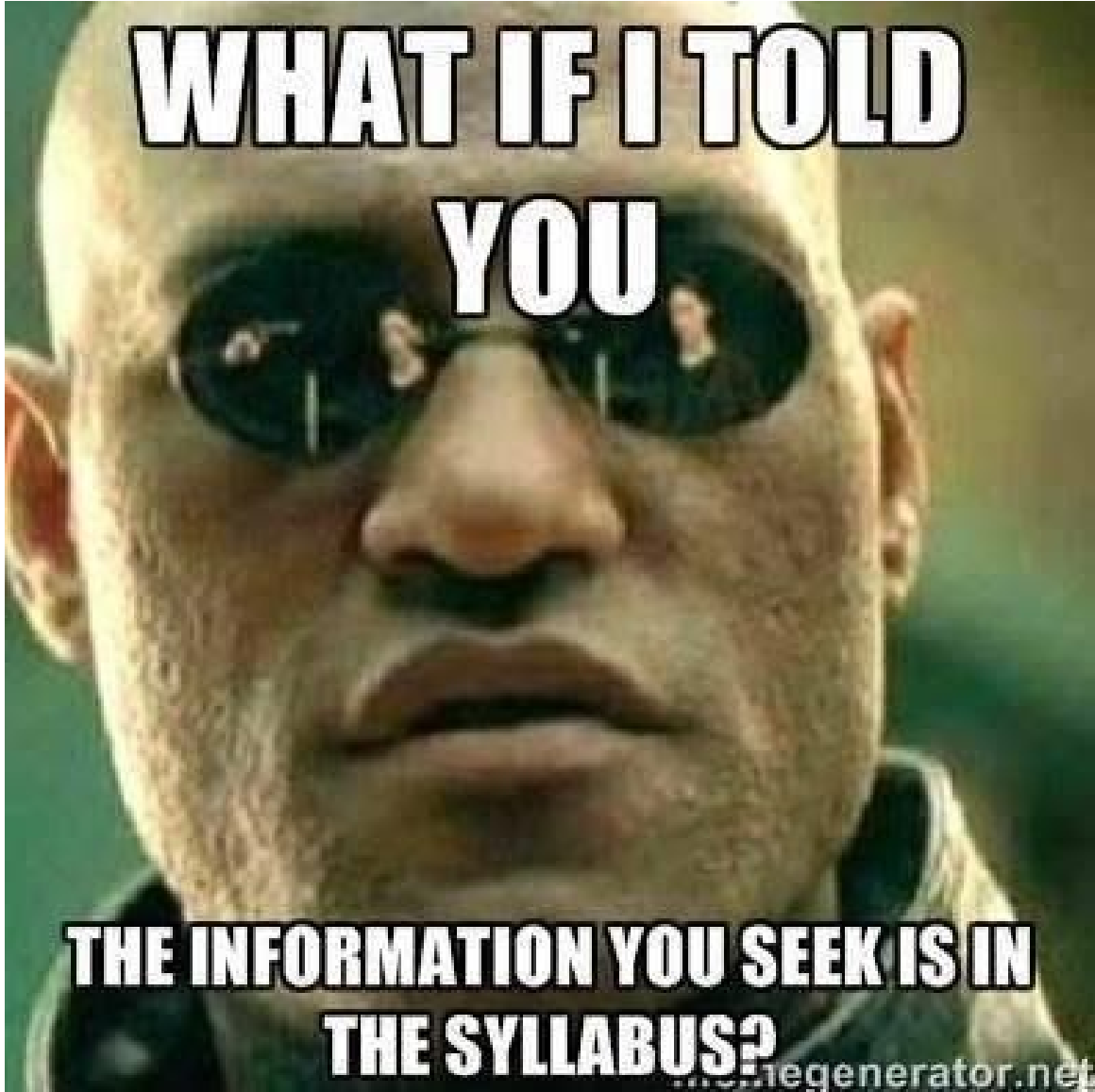
Q23: Any other advice on the exams?
A23: Don't do all-nighters! A night without sleep can lower your IQ by 9 to 10 points.

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.