

Economics 311
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Department of Economics

Intermediate Macroeconomics
Summer 2019

Contact Info: mwitte@northwestern.edu, Office: Kellogg Global Hub 3393
 Class meets: Kellogg Global Hub 3301, MWF 3:00-4:50
 Office Hours: MWF after class, Tuesdays 1:30-3:30 in Kellogg 3393, and at other times by appointment
 Materials Readings & notes: <https://sites.google.com/site/markwitteeconomics/>

Class Date	Lecture Topics	Partial list of readings
Mon. June 24	Introduction & Multiple Equilibrium Consumption	Christiano , Fred Lessons , Babysitting Co-op .
Wed. June 26	Microeconomics of Perfect/Imperfect Competition Long Run Growth	Micro Handout Steelman & Weinberg
Fri. June 28	Where does growth come from?	Gordon , Rosling , Klenow .
Mon. July 1	Supply Side: Wage Bargaining, Efficiency Wages Labor Markets - Flows & the Beveridge Curve	Core sections 9.1-9.6 Beveridge Curve . Unemployment - Taylor
Wed. July 3	Labor Markets - Changing jobs	Jaimovich & Siu , Auter
Fri. July 5	NO CLASS: Watch HBO Vice Special Report: Panic	Panic , Adverse Selection - Cecchetti Moral Hazard - Cecchetti
Mon. July 8	Investment & Savings: The IS Curve IS-LM (Investment-Savings versus Liquidity Preference for Money)	IS-LM - Krugman, Keynes Phillips Curve - Cecchetti
Wed. July 10	Taylor Rules, Reaction Functions, Forward Guidance	Fed Independence - Cecchetti Policy Rules - Cecchetti
Fri. July 12	Midterm (30% of class grade, coverage through July 8)	
Mon. July 15	3-Equation Model - Part 1	Jim Cramer rant , Santelli rant
Wed. July 17	3-Equation Model - Part 2	FDR's First Fireside Chat Fed Video 1 , Fed Video 2
Fri. July 19	Money & Banking, Monetary Policy	Surowiecki , POW Camp , Admati , Lender of Last Resort Brave New World MP - Cecchetti
Mon. July 22	Government Debt Dynamics, Finance	Debt Sustainability - Cecchetti Time Consistency - Cecchetti Capital - Cecchetti, Stress Tests - Cecchetti
Wed. July 24	International Macro, Conclusion	Big Mac Index - Cecchetti Mundell-Fleming China & US Bonds
Fri. July 26	Cumulative Final Exam (45% of class grade)	

Grading	Share of Class Grade
Midterm	30%
Final exam	45%
In-class quizzes	10%
Homework	15%

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

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. Other relevant readings may be assigned as the quarter goes forward. Although there’s not a formal textbook for the class, my lectures draw a lot from a challenging textbook by [Carlin & Soskice](#). That book will be available on reserve at the Library. On Friday, July 5th, we won’t meet as a class but instead will watch the HBO Vice Report [Panic: The Untold Story of the Financial Crisis](#), about the crisis.

Q: What is the deal with these quizzes?

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 from the assigned reading for that day and one about what we did in lecture in the previous class. 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 total score on the quizzes of (Perfect - 40), so in effect, you can miss two quizzes without suffering any harm to your grade if you’re otherwise perfect.

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 get 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 **Piazza** discussion forum (found in Canvas’s “Modules”) 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)** Silence your cellphone for the duration of the class and put it away where you won’t be tempted to look at it. If I see you looking at your phone during class, I’ll take that as you signalling me that you are absolutely understanding the material being covered and wish to be asked questions about it at that moment. (The story of how Piazza was created is [sadly lovely](#).)

Q: Is it OK if I surf the web and watch crazy videos or text whenever lectures get boring?

A: Sorry, no. No computers in class (exceptions: documented medical necessity or if you write on a tablet). However, there’s evidence that taking notes on paper is 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.

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 Piazza. Thanks!

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

A: If you do not reach me or leave a message on my e-mail (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. Don't make this mistake. Any problem that causes you to miss a test must be carefully documented by an independent source. *However, there will be **no make-up tests**; instead the weight of the last test will be increased to make up for the missed graded material.*

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 notified and asked to pursue further action. It's not fun for anyone involved. .

Q: The lecture is running a few minutes over, what should I do?

A: Please quietly stay put and observe a rare occurrence.

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: 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 in here?

A: 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.

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, Piazza, 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 will the tests be like?

A: Long and hard. Some problem solving, some graphing, some essays. There will be a small bonus for handing the exam in *on time*. I'll try to give you examples of the sorts of problems I am apt to ask. Also, you are expected to go to the bathroom before the exam and then hold it until the exam is over. No bathroom breaks! Interesting fact: On the tests, *I will give you points for leaving a questions blank*. On any given problem or graded sub-problem, I will give you 20% of the points if you leave the question completely blank. This is intended to remove the incentive to pursue "pity points" on questions where you really don't know what I'm asking, and instead allow you to devote your time to doing the best you can on the material you know best. Of course...you'll probably just choose to write complete and perfect answers to every question on every test, but I wanted you to have the option.

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 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. For the exams, you can use a calculator (a cheap one will suffice). No smartwatches allowed during exams.

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: Post your resume on Canvas at the Homework 1 question. (If you don't have a resume, slap one together. You should have a resume!) Also, what are your long run plans and what's a good mnemonic so I can remember who you are?

Q: Is there a Second Homework?

A: You bet! Go find it in CANVAS Assignments. More homework will be announced as the class goes along.

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

A: <http://economistsview.typepad.com/> and <https://marginalrevolution.com/> I check them every morning.

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, 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: What is the most important thing?

A: 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.