Syllabus for Econ 201 - Introduction to Macroeconomics

Instructor: Richard Walker

Winter 2026

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We will meet three times a week: Mondays, Wednesdays and Fridays, from 9-9.50pm in Lutkin Hall.

Office hour details (mine and those of the TAs, Nicole and Sergio) will be posted on Canvas. My office is KGH 3493 (i.e. Kellogg Building, 3rd floor).

Classroom technology policies:

- All the classes will be in person, and I do not intend to record any of them.
- To maintain a focused learning environment, **no cellphones or laptops allowed**. Put them away please. If you have a documented disability requiring the use of a laptop, get in touch.
- You may use a tablet in class just for taking notes, but you must keep it flat on your desk so as not to distract your peers.
- For the exams you may use only a basic four-function calculator, available for less than $10 from places like Amazon (**link**).

1 Course overview

This is an introductory course in economics with an emphasis on macroeconomics. The first, more 'microeconomic' third of the course will cover general topics such as scarcity, choice, how the market system works and the effects of government intervention. This will take us up to the first midterm. We'll then turn to long-run macroeconomics and consider such things as economic growth and unemployment. This should take us through to the second midterm. We'll then look at money and inflation. We'll finish with short-run macroeconomics, with a focus on the role of monetary and fiscal policy in stabilising the business cycle. En route, time permitting, we will consider such issues as the role of economic policy in addressing environmental concerns and the 2007-8 financial crisis in the US.

The only prerequisite for the course aside from an interest in the subject is high-school algebra. There will be some equations. There will also be lots of diagrams containing such things as supply and demand curves; you will be have to be comfortable with this kind of graphical analysis.

1.1 Evaluation

- Three assignments, due on Monday January 26$^{\text{th}}$, Monday February 16$^{\text{th}}$ and Monday March 9$^{\text{th}}$. [$6\frac{2}{3}$% each]
- Two midterms in class on Friday January 30$^{\text{th}}$ and Friday February 20$^{\text{th}}$. [24% each]
- Final exam on Monday March 16$^{\text{th}}$ (exam week) at 12pm in the usual lecture room. [32%]

The final exam will focus on the final third of the class, but will also touch on the first two thirds. That's why it's weighted more heavily than the midterms. [More precisely, ten twelfths of the final exam will be on the final third of the class material, with one twelfth on each of the first two thirds. This makes each third of the class carry equal weight in the course overall.]

As we proceed through the quarter I will keep you informed of your standing in the class by occasionally publishing score-grade correspondences. These will indicate the letter grade to which your current weighted average provisionally corresponds. It is possible that the score-grade correspondence will differ from the one that some of you will have seen in US high schools.

1.2 Sections

There will be no section in week 1.

Each student will have registered for one of the following discussion sections (where n is the number of students registered as of 12/29/25):

Section #	Day/time	Room	TA	n
41	Tuesday 5-5.50pm	TCH L361	tba	31
42	Thursday 5-5.50pm	TCH MG28	tba	32
43/45	Tuesday 6-6.50pm	TCH L251	tba	26
44/46	Thursday 6-6.50pm	TCH A110	tba	21

Section attendance is not mandatory but will be useful. Each week I will post supplementary questions on Canvas. The TA will go through some or all of these questions in sections; I strongly recommend that you consider them beforehand. You will get a lot more from the course, and find the exams much easier, if you attend sections.

1.3 External support

There are external sources of support for the class, provided through Academic Support & Learning Advancement (`https://www.northwestern.edu/academic-support-learning/`). These are entirely optional.

1.3.1 Quarter-long study group opportunity – registration required

Any student in Econ 201 can register for a Peer-Guided Study Group. Students register for the full quarter on CAESAR, and attendance is expected weekly. Study Group sessions are listed on CAESAR below course lecture and discussion sections (when searching for study groups, enter "SG" in the Course Number field in CAESAR to get a complete list of sections). From `https://tinyurl.com/239uunn3`:

> Students enrolled in an array of first-and second-year courses have the option of enrolling in a Peer-Guided Study Group alongside the course. Study Group participants meet weekly in groups of about 6 to 8 with a peer facilitator - another student who has taken and done well in the course (or, in some cases, an equivalent course). In the two-hour meetings, students talk through key concepts from the course, ask questions on points of confusion and help answer one another's questions, and work through practice problems or exercises together. The Study Groups are highly collaborative, comfortable environments where undergraduates can learn from one another and help one another succeed.
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> ...
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> Registration for Winter Quarter 2026 study groups is through CAESAR and begins on Wednesday, January 7th. Please note that the registration window opens at 12:00am midnight between Tuesday and Wednesday.
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> Study Groups begin meeting Monday, January 12th and all sessions will be held in-person. Study Groups end Sunday, March 15th.

Contact Borislava Miltcheva at borislava.miltcheva@northwestern.edu with any questions.

1.3.2 Drop-in peer tutoring – no appointment needed

Students can also take advantage of Drop-In Peer Tutoring:

> Peer tutoring sessions provide a friendly, collaborative environment where you can come to get help, tackle homework, or study. Peer tutoring is a great way to get support with a specific question or issue, or just talk through course material with others. Tutors are experienced with the course material, and trained to facilitate learning in inclusive, active environments.

The above is from `https://tinyurl.com/a42ut3uj`, which also has the times and locations of the economics sessions. Contact Valerie Wolf at valerie.wolf@northwestern.edu with any questions.

1.3.3 Additional academic support options

ASLA offers individual and group peer academic coaching (`https://tinyurl.com/2jw49435`), as well as consultations (`https://tinyurl.com/5n9yr8f8`), to help students navigate their academic paths and refine their study strategies.

2 Course materials

The textbook will be '*Modern Principles: Macroeconomics*' [2nd edition, 2012] by Tyler Cowen and Alex Tabarrok. I recommend that you buy this book if you buy any book. A 3rd, a 4th, a 5th and now a 6th edition are available, but I'm sticking with the 2nd as used copies might be easier to find and these textbooks are absurdly expensive. If you want to buy the later editions then that's fine; you will have to find the appropriate readings yourself or ask me. At the time of writing Amazon has used copies available: `https://goo.gl/Hr2uu5`.

I think it's very possible to do the class without the textbook. I tend to wander away from the book at various points, so there won't always be readings in it that help very much with the class material.

There will be slides for each topic posted on Canvas. These will be covered in lectures. There will be three versions of the slides available: one identical to that I use in lectures; one in 'handout' form that omits the dynamic overlays but otherwise resembles the version I go through; and one in 'article' form that's even more compact. These slides will constitute the core material for this course. The exams will be based on their contents and on the supplementary questions I post. The textbook readings are there to supplement the slides. Again, for some topics there might be no appropriate textbook reading, and the slides may be your only resource. I may add readings from outside the textbook as we go along.

3 Lecture topics

The plan is to tackle the following topics in order. If it seems we are falling behind schedule, my preference is to drop material from the syllabus rather than speed up. I will alert you as soon as this looks likely. **CT** refers to the textbook.

[**1**] **Key concepts** How economists think (that people think). Tradeoffs and opportunity costs. Production possibility frontiers, specialisation and the wonders of trade.

CT ch 1 (skim), ch 2. *Notes on reading: just skim the '10 Big Ideas' in chapter 1, as I won't be paying much attention to half of them at this stage. Chapter 2 is important; if you have the 1st edition the same material is tucked away in the first half of Chapter 18, pp.381-387.*

[**2**] **Markets and welfare** Supply curves. Demand curves. Equilibrium prices and quantities. Consumer and producer surplus. Efficiency.

CT ch 2, ch 3. *Notes on reading: none right now.*

[**3**] **Government intervention** Price controls, quantity controls and taxation. Inefficiency, deadweight loss and elasticity. Externalities and the environment.

CT ch 4. *Notes on reading: the textbook is not good for the externalities/environment material; slides will be best resource here.*

[**4**] **National income accounting** Measurement. The circular flow: income equals output equals expenditure. Price indices.

CT ch 6. *Notes on reading: chapter 6 only covers the first half of this set of slides, i.e. the 'Income, expenditure and production' section. The textbook does have material on measuring inflation and CPI vs GDP deflator (see pp. 252-3, not much detail) and also on real vs nominal interest rates (see pp. 262-3)*

[**5**] **Growth, investment and finance** The importance of economic growth. How the financial system allocates savings to investment projects. Some basic finance. Growth, the environment and intergenerational equity (time permitting).

CT ch 7, ch 8, ch 9 (pp 175-184). *Notes on reading: these readings more or less match my slides, but with slight differences of emphasis and also in a different order; for example I will cover the Solow model (which is in ch 8) after I talk about savings and investment (which is in ch 7). If we have time I'll also cover some material on the environment, but alas for this* **CT** *is not so good. It only covers 'present values' (which we'll need to discuss intergenerational equity) in the bond pricing appendix to ch 9, and I don't really want to talk about bond pricing. I think you're better off looking at the slides. I'll provide further readings on the environment if need be.*

[6] Unemployment Frictional unemployment, structural unemployment. Unions, efficiency wages, hysteresis.

CT ch 11. *Notes on reading: as usual the slides deviate a little in terms of info and presentation, but I follow the book fairly closely. The main exception: I won't talk about determinants of the labor force, so you can skip the section on Labor Force Participation (pp.240-5). Also note that I don't talk about firing costs on the slides, but the topic does turn up in the discussion section.*

[7] Money and inflation What is money? The quantity equation and the classical dichotomy. Expectations, money velocity and hyperinflations.

CT ch 12. *Notes on reading: as usual the slides deviate a little in terms of info and presentation, but the book is decent. One section I don't really follow is the bit on wealth redistribution, pp.262-4; skim it but no more. I also talk more about (i) the role and evolution of money, and (ii) the mechanics of hyperinflations.*

[8] Short-run fluctuations and policy Short-run aggregate supply and aggregate demand. The role for government policy, fiscal and monetary.

*Notes on reading: the textbook is **not** useful for this topic. They approach things using a rather unusual framework for an intro macro class, one that I do like but that would only make sense to use if we had much more time. I will be **much** more concise than either book, and in fact will present things very differently. I've tried to make the slides as self-explanatory as possible here.*

[9] Monetary policy and the credit crunch How the Fed actually 'controls' the money supply. How did we get from subprime mortgage defaults to the financial crisis?

CT ch 15. *Notes on reading: book is pretty good here. The appendix to this chapter covers the deposit creation process in some detail, as I do on the slides (but with pictures). Note that the book mentions a recent Fed policy innovation that I do not plan to cover, namely the payment of interest on reserves.*

4 Northwestern University Syllabus Standards

This course follows the Northwestern University Syllabus Standards. Students are responsible for familiarizing themselves with this information.