

Economics 201  
Mark Witte

Northwestern University  
Department of Economics

Intro to Macroeconomics  
**Fall 2024**

Contact Info: [mwitte@northwestern.edu](mailto:mwitte@northwestern.edu), Office: Kellogg Global Hub 3393

Class meets: Tech LR 3, MWF 2:00-2:50

TA sections Tuesdays 9:AM, 10:AM, 5:PM, 6:PM

Office Hours: Mark's will be Mondays 3-4 in Tech M166, Tuesdays 1:30-3 in Kellogg 3420, Wednesdays 1-2 in Tech L150, and Fridays 3-4 in Tech L158, and also at other times by appointment. TA office hours will be posted.

Texts: **(KW)** [\*Macroeconomics, 7<sup>th</sup> edition\*](#), by Paul Krugman & Robin Wells, 2024 (\$89 ebook)  
• (6th edition is fine and probably cheaper)

**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>

**In the online version of the syllabus, the links go to the articles and videos.**

<b>Class Date</b>	<b>Lecture Content</b>	<b>Read before <i>this</i> Lecture</b>
Tues. Sept. 24	NO TA SECTION! Just relax for a day.	
Wed. Sept. 25	Economic thinking: Adam Smith	KW 1, B I, II (Intro, Adam Smith) Milton Friedman - <a href="#">I, Pencil</a> <a href="#">Careers in Economics</a> <a href="#">Rich vs. Happy, Claudia Goldin</a>
Friday, Sept. 27	Choices and Opportunity Costs	KW 2 & appendix, <a href="#">Pharmacists</a> D Prologue (pp. 1-13)
Mon. Sept. 30	<b>Micro:</b> Supply & Demand, Consumer & Producer Surplus	KW 3, appendix to KW Ch. 5 D 4 (pp. 72-89), <a href="#">Simulating Supply &amp; Demand</a> <a href="#">I,Rose, Prices &amp; Incentives</a> , <a href="#">World Markets, Planning</a> , <a href="#">Demand Curve, Supply Curve</a> , <a href="#">Equilibrium</a>
TA Oct. 1	Demand Curves! Elasticity of Demand & Monopoly	<a href="#">Consumer Surplus, Shifting Demand</a> , <a href="#">Shifting Supply, Shifts vs. <math>\Delta P</math></a> , <a href="#">Elasticity of Demand</a>
Wed. Oct. 2	Messing with Markets More Micro: Market Structure	KW 4, <a href="#">Cheese</a> , <a href="#">Min Wage</a> , <a href="#">Price Ceilings, Price Floors</a> , <a href="#">Information</a> B VII (Marshall), VIII (Institutional)
Friday, Oct. 4	Classical Market Failures	<a href="#">GT 12 &amp; GT 13, Externalities</a> <a href="#">Public Goods 1, Public Goods 2</a>
Monday, Oct. 7	Taxes, Advanced Market Failure,	<a href="#">Ricardo</a> , <a href="#">GT 16</a> on risk & insurance

	Health Insurance. Government Failure	<a href="#">Public Choice</a> , <a href="#">Rent Seeking</a> ,
TA Oct. 8	Taxes and Markets	<a href="#">Taxes</a> , <a href="#">Tax Revenue</a> , <a href="#">Marginal Tax Rates</a>
Wed. Oct. 9	<b>Macro:</b> Long-Run Growth versus Short-Run Fluctuations	D 1 (pp. 14-29), <a href="#">GDP 1</a> , <a href="#">GDP 2</a> , <a href="#">Comparing GDPs</a> , <a href="#">Lindsay</a>
Friday, Oct 11	Circle flow of Income, Malthus versus Ricardo	KW 6, <a href="#">Desert Island</a> , <a href="#">Ricardo</a> on Equilibrium
Monday, Oct 14	Malthus, Unemployment and Inflation	KW 8, B III (Malthus), <a href="#">Food</a> ,
TA Oct. 15	Unemployment and Using Price Indexes	
Wed. Oct 16	Computing & Using Price Indexes	KW 7, <a href="#">Measuring Inflation</a> <a href="#">Inflation History</a> , <a href="#">Shrinkflation</a>
Friday, Oct. 18	Aggregate Supply, Aggregate Demand	KW 12
Monday, Oct. 21	Catching Up	
TA Oct. 22	Midterm Review	
Wed. Oct. 23	<b>Midterm I - Material from Sept. 25-Oct. 16</b>	Tech LR 3 (15% of class grade)
Fri. Oct. 25	Long-Run Economic Growth	KW 9, <a href="#">Gordon</a> , <a href="#">Rule of 70</a> , <a href="#">Rosling</a> , <a href="#">Rosner</a> , <a href="#">Growth Rates</a>
Mon. Oct. 28	Growth and Inequality	<a href="#">Klenow</a> , <a href="#">OWID: Global Inequality</a> , <a href="#">OWID: Extreme Poverty</a> , <a href="#">Imperialism</a>
TA. Oct. 29	Computations and growth	
Wed. Oct. 30	Savings & Investment & Finance	KW 10 & appendix
Friday. Nov. 1	Karl Marx, John Maynard Keynes	B VI (Marx), IX (Keynes), <a href="#">Wealth</a> <a href="#">Middle Class</a> , <a href="#">US Inequality</a> <b>Drop Deadline</b>
Mon. Nov. 4	Macro Demand-Side Equilibrium	KW 11
TA. Nov. 5	GDP Table	
Wed. Nov. 6	Fiscal Policy, Government Debt & Deficits	KW 13, <a href="#">Budget Basics</a>
Fri. Nov. 8	Money	<a href="#">Dime</a> , <a href="#">Surowieki</a> , <a href="#">Radford</a>
Mon. Nov. 11	Banking	KW 14, <a href="#">Baby Sitting Co-op</a> ,
Wed. Nov. 13	Finance & Leverage	<a href="#">Yield Curve</a>
Fri. Nov. 15	The Federal Reserve	KW 15, <a href="#">NY Fed History</a> , <a href="#">Lagarde</a> <a href="#">What the Fed does</a> , <a href="#">Fed's New Tools</a> <b>P/N Deadline</b>
Mon. Nov. 18	Phillips Curve: Unemployment v. Inflation Neoclassical Economics	KW 16, 17, B X (Friedman) <a href="#">Fed Video 1</a> , <a href="#">Fed Video 2</a>
TA Nov. 19	Midterm Review	
Wed. Nov. 20	<b>Midterm II - Material from Oct. 18-Nov. 15</b>	Tech LR3 (25% of class grade)
Friday, Nov. 22	International Economics: Exchange Rates & Capital Flows	KW 18, <a href="#">Desjardens</a> , <a href="#">Rise of the \$</a> ,
Mon. Nov. 25	International Trade	<a href="#">Ricardo on Trade</a> , <a href="#">Iowa Car Crop</a>
TA Nov. 26	ON ZOOM! Comparative Advantage	KW 5
Wed. Nov. 27	Conclusion	D Epilogue (pp. 158-160)
<a href="#">Friday, Dec. 13</a>	<b>Cumulative Final Exam - 9-11:AM Tech LR 3</b>	<b>(40% of class grade)</b>

Grading	Share of Class Grade
First Midterm (in class)	15%
Second Midterm (in class)	25%
Final exam	40%
TA Section Quizzes	10%
<a href="#">Canvas Homework</a>	10%

TA Sections are on Tuesdays

- **9:AM-9:50** in Parks 223 with Aaron Amburgey [amburgey@u.northwestern.edu](mailto:amburgey@u.northwestern.edu)
- **9:AM-9:50** in Francis Searle 2407 with Sorenien Gudissa, [sorieniegudissa2028@u.northwestern.edu](mailto:sorieniegudissa2028@u.northwestern.edu)
- **10:AM-10:50** in Francis Searle 2407 with Sorenien Gudissa, [sorieniegudissa2028@u.northwestern.edu](mailto:sorieniegudissa2028@u.northwestern.edu)
- **10:AM-10:50** in Lunt 105 with Aaron Amburgey [amburgey@u.northwestern.edu](mailto:amburgey@u.northwestern.edu)
- **5:PM-5:50** in Tech L221 with Valerio Di Tommaso [valerioditommaso2025@u.northwestern.edu](mailto:valerioditommaso2025@u.northwestern.edu)
- **5:PM-5:50** in Harris L06 with Luxi Han [luxihan2024@u.northwestern.edu](mailto:luxihan2024@u.northwestern.edu)
- **6:PM-6:50** in Harris L06 with Luxi Han [luxihan2024@u.northwestern.edu](mailto:luxihan2024@u.northwestern.edu)
- **6:PM-6:50** in Tech M164 with Valerio Di Tommaso [valerioditommaso2025@u.northwestern.edu](mailto:valerioditommaso2025@u.northwestern.edu)

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

Q: What should I read for each day?

A: 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](#). [Robin Wells](#) is the coauthor and an economist. (Gossip! Krugman and Wells are married!) We will be using the 7<sup>th</sup> edition of their *Macroeconomics*, but the 6th edition is probably fine and much cheaper. (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 Economists*, 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 an 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?

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

A: The sections will run for 50 minutes and the TAs will explain some class material and work out some problems that will appear on the exams. You will also have to hand in the answers to your weekly quiz.

Q: These quizzes sound super-annoying. Can you tell me more about them?

A: We will post the quiz questions on Mondays and you will submit them *in person* when you go to your TA section on Tuesday. If you don't go to TA section, you get no quiz points. The aim is for these quizzes to be pretty low-stress and easy. 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 working on the graphs or other aspects of the class. The grading will be on a 0, 5, 10 basis for each question, 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 20 points). If you try, you will do well on the quizzes.

Q: What are the learning objectives for this class?

A: 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.

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: Is this a weed-out class? How does the grading work?

A: No. Of the students currently at Northwestern, over 1,200 of them will get majors in economics, so if econ has any weed-out classes, they're clearly not working.

People who score well above the mean on the midterms, final, quizzes, and homeworks will get A's. People who don't do quite as well, will get B's. Those who are below the median for the class will get C's, or if things go really poorly, D's or F's. The points on the various assignments are weighted as described above.

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.

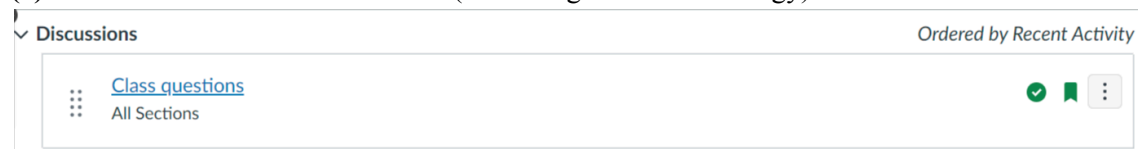
Q: What is your electronic communication policy?

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 *Discussions* 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?") When you post about specific homework or exam questions, it's very helpful if you would cut-and-paste the actual question into what you write.

**(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.

**(4)** Subscribe to Canvas *Discussions* (the little green banner thingy).



The screenshot shows a Canvas interface for a discussion board. At the top, it says "Discussions" with a dropdown arrow on the left and "Ordered by Recent Activity" on the right. Below this is a discussion item titled "Class questions" with a link icon to its left and a green checkmark, a red flag icon, and a three-dot menu icon to its right. Underneath the title, it says "All Sections".

Q: During exams, can I use my phone with messaging and camera as a calculator? Also, I like to get up to go to the bathroom every 20 minutes; is that OK?

A: Hell<sup>No</sup>. Get a regular calculator; a really cheap one will suffice (but any kind is fine). Also, no smartwatches are allowed during exams. **And get your bathroom needs done before exams, then hold it until you're done.**

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

A: 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.

Q: What is the deal with these "Canvas homeworks?"

A: 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. You can work together on the Canvas homeworks. As soon as the questions are posted, you can open them up and look at them. Just get them done by the posted deadline.

Q: In addition to the assigned readings, is it a good idea to read the newspaper?

A: 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](#), and [Marginal Revolution](#). [Matt Levine](#) is crazy great if you're interested in finance.

Q: 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?

A: 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.

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

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

Q: Will there be recorded content for us to watch?

A: Yes. I will try to get all the lectures recorded (not the TA sections) and will post extra lectures if I run short of time in lecture, or think that there's a well-contained part of the course that would work in that format. (But no promises since attempts to record sometimes go wrong!)

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

A: 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.

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

A: All of the above.

Q: Will there be a lot of math in this class?

A: 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 a majority of Ph.D. economists also majored in math.

Q: 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 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.

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 the instructor, as early as possible in the quarter (preferably within the first two weeks of class). All discussions will remain confidential. It is great if you can sign up to have ANU proctor extended-time exams.

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

A: We're about to find out!

Q: What is the First Homework?

A: Your first Canvas Homework is to go onto the Canvas discussion forum and post the name of the greatest movie of all time. Then post it again as the answer to the Canvas homework question. (See...you're getting practice with the discussion forum *and* the Canvas homework system!)

Q: Is there anything else we're expected to know?

A: "Please note that the specifics of this course syllabus are subject to change in the case of unforeseen circumstances. Instructors will notify students of any changes as soon as possible. Students will be responsible for abiding by the changes." Northwestern has expectations for all students outlined here:

<https://www.registrar.northwestern.edu/registration-graduation/northwestern-university-syllabus-standards.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.

[Academic Support & Learning Advancement \(ASLA\)](#) (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 trained 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 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). Feel free to contact Borislava at [borislava.miltcheva@northwestern.edu](mailto:borislava.miltcheva@northwestern.edu) with any questions.

**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. Tutoring is offered for this course and many introductory courses in Biology, Chemistry, Economics, Engineering, Math, Physics and Statistics. Tutoring takes place Sundays through Thursdays. Check specific times, courses, and locations on the Drop-In Peer Tutoring website. Feel free to contact Valerie at [valerie.wolf@northwestern.edu](mailto:valerie.wolf@northwestern.edu) with any questions.



**Drop-In Peer Tutoring!**  
**Econ 201 & 202**

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Friendly tutors and snacks.

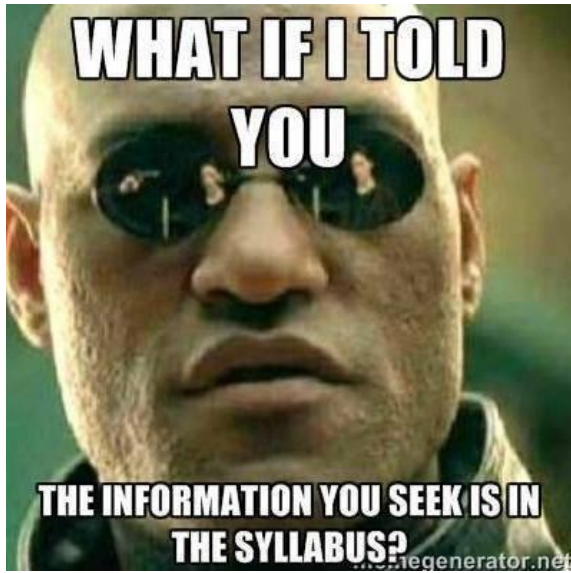
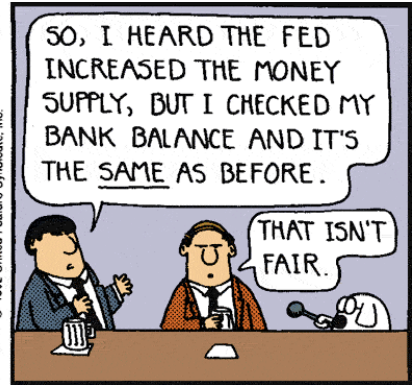
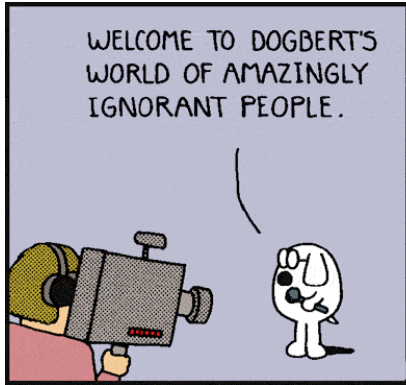
- **Sundays** 8-10 pm: Schapiro
- **Sundays** 8-10 pm: Black House
- **Mondays** 8-10pm: Shepard
- **Wednesdays** 8-10pm: MCC
- **Thursdays** 8-10pm: Schapiro

[bit.ly/tutoringnu](https://bit.ly/tutoringnu)

Northwestern | ACADEMIC SUPPORT AND LEARNING ADVANCEMENT

**Additional Academic Support Options:**

ASLA offers individual and group peer academic coaching, as well as consultations, to help students navigate their academic paths and refine their study strategies. Provided through Academic Support & Learning Advancement. Wondering how to become a peer leader with ASLA? See the [ASLA website](#) to learn more.



The fact that this never happens is proof that economists don't believe their own theories.

