

ECONOMICS 201-50
INTRODUCTION TO MACROECONOMICS
Northwestern University
Fall 2012

Guido Lorenzoni
Anderson Hall 319
Office hours: Th 2-3:30pm or by appointment
Email: guido.lorenzoni@northwestern.edu

Syllabus

Lecture: TTh 11am-12:20pm in Fisk Hall 217
Discussion: F or M 4-4:50pm

The course webpage can be accessed from <https://courses.northwestern.edu/webapps/login>

Econ 201 is the basic introduction to economics that must be taken by every prospective economics major. Economics 201 is also taken by many other students as a distribution requirement and as a requirement in some other fields and schools. There are no prerequisites for Econ 201.

Objective. The objective of the course is to introduce you to some ideas and conceptual tools that can help you to:

- understand what is happening in the world's economy,
- think through economic decisions you will face in your personal and professional life,
- understand the terms of current economic policy debates.

Topics. The first part of the course will cover general topics such as scarcity, choice, how competitive markets work and how prices are determined. The course will then focus on the study of macroeconomics and cover topics such as economic growth, business cycles and the roles of monetary and fiscal policy.

The textbook is:

N. Greg Mankiw, *Principles of Macroeconomics*, 6th edition

In class, we will sometimes use a bit more math than what is in the textbook. I will provide detailed lecture notes with all the algebraic derivations done in class. Some homework and exam questions will be based on this material.

Requirements. The only requirement is high school algebra and some familiarity with graphs. Some familiarity with Excel or any other spreadsheet program will be useful for some homework (but will *not* be needed for the exams).

Exams and grading. Grading is based on two midterms and a final exam. Each midterm counts 25% and the final counts 50% of the final grade.

If you miss one midterm, I will take a weighted average of the midterm you took and of the final, with weights 25% and 75%. If you miss both midterms the grade will only be based on the final. However, it is definitely not a good idea to miss a midterm, except in special circumstances, as midterms are a bit easier and they give you a chance to check your own progress.

The final will include all the material covered in class. There will be no makeup exam if you miss the final, so do not plan on taking the class if you cannot attend the final.

All exams are closed book and you will need a pocket calculator.

Over the course of the class, I will give you homework. The TAs will grade your homework so you can check your progress, but it will not count towards your grade.

In class. If any point is not clear in class, please raise your hand and ask a question. If questions come up when you are studying on your own, ask me or the TAs during office hours or by email. Class discussions are strongly encouraged. There are a lot of interesting discussions about the economy going on these days. All questions that help to bring these discussions into the classroom are welcome!

Please, do not use your cellphone for texting or email during lectures and turn off the ringer. Also, please, do not use your laptop to check email or browse the web. You are also strongly discouraged from using your laptop for taking notes, as it is typically not conducive to concentration and class participation. It is fine to take notes on your laptop if you need to do so for medical reasons.

Mentoring. The Academic Mentoring Program (AMP) offers peer-led academic support in a small-group setting for students enrolled in this course. If you join the program, you will meet weekly with about 5–8 other students and a peer mentor—a student who has already taken and done well in the course. During group sessions, students raise questions they have about the course content and work to develop answers together, with the guidance of the mentor.

Past participants report that AMP helped them stay on track with their studying and solidify their understanding of course concepts. AMP is not a drop-in program; students register for the full quarter. Times and locations vary. You may register for AMP at the link below through Wednesday, October 3rd by 12:00 p.m. Space is limited.

http://www.surveymonkey.com/s/academic_mentoring

Class schedule and topics covered

The book chapters refer to the textbook.

9/27	Opportunity costs, the production possibility frontier (Chap. 2)
10/2	Comparative advantage, specialization and trade (Chap. 3)
10/4	Supply and demand (Chap. 4)
10/9	Elasticity (Chap. 5)
10/11	Market structure and monopoly (notes)
10/16	Efficiency (Chap. 7)
10/18	First Midterm 11am-12:20pm Fisk Hall 217
10/23	Measuring economic aggregates: output (Chap. 10)
10/25	Measuring economic aggregates: prices and inflation (Chap. 11)
10/30	Long-run growth (Chap. 12)
11/1	Consumption, saving and investment (Chap. 13)
11/6	Risk and asset markets (Chap. 14)
11/8	Labor markets and unemployment (Chap. 15)
11/13	Second Midterm 11am-12:20pm Fisk Hall 217
11/15	Money and the monetary system (Chap. 16)
11/20	The short-run: aggregate demand and aggregate supply (Chap. 20)
11/27	The short-run: monetary and fiscal policy (Chap. 21)
11/29	Policy debates on government budget (Chap. 23)
12/4	Inflation and the Phillips curve (Chap. 22)
12/6	Open-economy macro (Chap. 18)

Final Exam: Tuesday, December 11 at 12-2pm in Fisk Hall 217