

Economics 311  
Mark Witte

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Department of Economics

Intermediate Macroeconomics  
**Spring 2024**

Contact Info: [mwitte@northwestern.edu](mailto:mwitte@northwestern.edu)  
Class meets: MWF Noon-12:50 (I intend to video record all of these) in Harris 107.  
Office Hours: Mark: Mondays 1-2 in Kresge 2415. Wednesdays 2-3 in Kellogg 3393, Fridays 11-noon in Harris L28. I'm also available at other times by appointment, so let me know if you want to talk.  
TA Office Hours: TBA  
Materials The best source is on Canvas under "Pages" but you can find most things here too:  
<https://sites.google.com/site/markwitteeconomics/>

**LINKS INDICATE REQUIRED READINGS AND VIDEOS**

**Bernanke = Ben Bernanke's *Monetary Policy in the 21st Century*, 2022**

Week of March 25 - Introduction & Multiple Equilibrium, Consumption, Investment
<p><b>Watch:</b> HBO's <a href="#">Panic</a> (What an insanely great cast! But watch it at 2X. You'll be fine.) Intro - <a href="#">How to use FRED</a>, Bernanke's introduction Models of Equilibria - <a href="#">Inside a Bank Run</a> 45-degree line, equations, multiplier - Haywood <a href="#">1.2</a> and <a href="#">1.3</a> Babysitting Co-op - <a href="#">Babysitting Co-op</a>, <a href="#">Desert Island</a> Hare &amp; Stag - <a href="#">Video</a> Models of Consumption &amp; Saving Keynes' Consumption Function Friedman's Permanent Income Hypothesis (PIH) - Haywood <a href="#">1.6</a> Modigliani's Life-Cycle Hypothesis (LCH) Ramsey's Euler Equation Model of Consumption Investment Investment - Tobin's Marginal <math>q</math> and Average <math>Q</math> - <a href="#">Tobin's Q</a> Investment &amp; Savings: The IS Curve - Haywood <a href="#">1.4</a> <b>NO TA SECTION THIS WEEK</b></p>
Week of April 1 - Supply Side: Firms, Microeconomics of Perfect/Imperfect Competition, Sources of Long-Run Growth
<p>(Monday, April 3rd is the last day to add a class.) Bernanke chapter 1 LR Growth: Neoclassical Solow Model (Perfect Competition, Constant Returns to Scale) <a href="#">Our World in Data</a>, <a href="#">Steelman &amp; Weinberg</a>, <a href="#">Gordon</a>, <a href="#">Rosling</a>, <a href="#">Koreans</a>, Haywood <a href="#">8.1</a>, <a href="#">8.2</a>, <a href="#">8.3</a> LR Growth: New Growth Theory (Romer &amp; Others, Increasing Returns to Scale) - <a href="#">Klenow</a>, <a href="#">Washing Machine</a>, Haywood <a href="#">8.4</a> Supply Side: Firms and Imperfect Competition - <a href="#">Micro Handout</a> <b>TA: Consumption</b></p>
Week of April 8 - Supply Side: Labor Markets
<p>Bernanke chapters 2-3 Supply Side: Wage Bargaining, Efficiency Wages - <a href="#">Core sections 6.1-6.16</a>, <a href="#">Core sections 8.1-8.8</a>, <a href="#">Labor video</a> <a href="#">Monopsony</a> - Krugman Measuring Unemployment - <a href="#">Brookings</a>, <a href="#">Taylor</a> Labor Markets: Flows, <a href="#">Beveridge Curve 1</a>, <a href="#">Beveridge Curve 2</a>, <a href="#">Beveridge Curve 3</a>, <a href="#">Jaimovich &amp; Siu</a>, <a href="#">Auter</a> Changing jobs - <a href="#">Gawande</a> <b>TA: Economic Growth</b></p>

<b>Week of April 15 - Macroeconomic Fluctuations, Inflation</b>
<p>Bernanke chapters 4-5  IS-LM (Investment-Savings versus Liquidity Preference for Money) - <a href="#">IS-LM</a> - Krugman, <a href="#">Keynes</a>  Taylor Rules &amp; Loss Functions - <a href="#">Policy Rules</a> - Cecchetti  Phillips Curve - <a href="#">Phillips Curve</a> - Cecchetti, <a href="#">Inflation</a>, <a href="#">Haywood 2</a>  Yield Curves - <a href="#">Visualization</a>  <b>TA: Taylor Rule</b></p>
<b>Week of April 22 - New Keynesian 3-Equation Model, EXAM 1 on WEDNESDAY</b>
<p>Bernanke chapters 6-7  3 Equation Model: IS, Phillips Curve, Policy Rule - <a href="#">Haywood 3</a>, <a href="#">Haywood 4</a>  3 Equation Model: Monetary Policy - <a href="#">Haywood 5</a>, <a href="#">FDR's First Fireside Chat</a>, <a href="#">Fed Video 1</a>, <a href="#">Fed Video 2</a>  3 Equation Model: Fiscal Policy  <b>TA: Review</b></p>
<b><u>WEDNESDAY, April 24 Noon-12:50 - Exam 1 (Coverage through Friday, April 19)</u></b>
<b>Week of April 29 - Banking &amp; Finance</b>
<p>Bernanke chapters 8-9  Leverage - <a href="#">Admati</a>, <a href="#">Capital</a>, <a href="#">Matt Levine 1</a>, <a href="#">CDOs 1</a>, <a href="#">CDOs 2</a>  Bank Balance Sheets &amp; Leverage: <a href="#">Moral Hazard</a> - Cecchetti, <a href="#">Diamond &amp; Dybvig</a>, <a href="#">Matt Levine 2</a>  Bubbles - <a href="#">Ponzi</a>  Financial Sector Crises - <a href="#">Jim Cramer rant</a>, <a href="#">Santelli rant</a>, <a href="#">Stress Tests</a>, <a href="#">Adverse Selection</a>, <a href="#">Preventing runs</a>  <b>TA: 3 Equation Model</b>  DROP DEADLINE FRIDAY, May 3</p>
<b>Week of May 6 - Monetary Policy</b>
<p>Bernanke chapters 10-11  Monetary Policy - <a href="#">Surowiecki</a>, <a href="#">POW Camp</a>, <a href="#">Fed Independence</a> - Cecchetti, <a href="#">Lender of Last Resort</a>  <a href="#">Inflation Forecasting</a>, <a href="#">Fed balance sheet</a>, <a href="#">Fed's new tools</a>, <a href="#">Currency</a>  Forward Guidance - <a href="#">Unconventional MP</a>, <a href="#">Christiano</a>  <a href="#">Money Creation</a>, <a href="#">Fed Chairs</a>, <a href="#">Alternative Inflation Targets</a>  <b>TA: Forward Guidance</b></p>
<b>Week of May 13 - Government Debt</b>
<p>Bernanke chapters 12-13  Government Debt Dynamics - <a href="#">Debt Sustainability</a> - Cecchetti, <a href="#">Time Consistency</a> - Cecchetti, <a href="#">Budget Basics</a>  Capital flows  <b>TA: Government Debt</b>  P/N DEADLINE FRIDAY, May 17</p>
<b>Week of May 20 - Summary</b>
<p>Bernanke - Chapters 14-15  <b>TA: Review</b></p>
<b><u>Exam 2, FRIDAY, MAY 24, Noon-12:50 in Harris 107</u></b>

**Week of May 27 - International (on Panopto, not on the exam, but you should learn this!)**

Exchange Rates: Capital Flows, [Big Mac Index](#), [More Big Mac Index](#), [Mundell-Fleming](#), [China & US Bonds](#)

- 9:AM in Tech L221 with Aaron Amburgey [aaronamburgey2028@u.northwestern.edu](mailto:aaronamburgey2028@u.northwestern.edu)
- ~~9:AM in Parks 214 with (4) with Diego Huerta~~ [diegohuerta2024@u.northwestern.edu](mailto:diegohuerta2024@u.northwestern.edu)
- 10:AM in University Hall 121 with Diego Huerta [diegohuerta2024@u.northwestern.edu](mailto:diegohuerta2024@u.northwestern.edu)
- 10:AM in Tech LG52 with Aaron Amburgey [aaronamburgey2028@u.northwestern.edu](mailto:aaronamburgey2028@u.northwestern.edu)
- 5:PM in Tech M164 with Rui Sousa [ruisousa2026@u.northwestern.edu](mailto:ruisousa2026@u.northwestern.edu)
- 6:PM in University Hall 121 with Rui Sousa [ruisousa2026@u.northwestern.edu](mailto:ruisousa2026@u.northwestern.edu)

Exam 1	35% of class grade	Wednesday, April 24, noon-1:00 PM
Exam 2	45% of class grade	Friday, May 24, noon-1:00 PM
Homework	20% of class grade	On Canvas

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

Q: How are office hours going to work?

A: Mark will have office hours Mondays 1-2 in Kresge 2415, Wednesdays 2-3 in Kellogg 3393, and Fridays 11-noon in Harris L28, in person but also available by Zoom (links in Canvas).

If you'd like to talk or Zoom privately with me at another time, send me an e-mail about what you want to talk about (it can be about the class or just stuff in general), what times might work for you, and what the best medium for communication would be (phone, Zoom, semaphore flags, etc.)

Q: Quarters are short and this one is ending a little early. Will we be able to fit everything in?

A: Yes...if we think outside the box...or rather the calendar. I will kick some very technical derivations that is useful for understanding but not going to appear on tests to recorded videos. Also stuff like re-explaining microeconomics, present value and discounting. And anything I don't finish (like International Macro), I'll record and make available after the last exam (and won't have questions about it on the exam).

Q: How does the homework work?

A: We will post questions and you will submit answers through Canvas. The computational problems will be graded by Canvas, and you will get three chances to get them right. You can collaborate with your peers on these and ask us questions through the Canvas discussion forum (anonymously if you wish). Some of the homework will involve you submitting hand-drawn graphs.

Q: How will the exams work?

A: They will be in person in our classroom. You can use a calculator. The exams will have problems like from the homework, some graph drawing, and some short essays.

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 posted syllabus. Other relevant readings may be assigned as the quarter goes forward.

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). If you miss some lecture, section, or a recording is messed up, it is your responsibility to catch up on the material (like in office hours or from your classmates).

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 discussion forum 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)** Watch all the videos we record and get the work done. **(4)** When you are posting on the Canvas discussion forum about a question from the homework or an old exam, it's very helpful if you **cut-and-paste** the text of the actual question in what you are asking about. Also, it's fine if you take notes on your tablet or computer.

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 on the Canvas discussion forum. Thanks!

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

A: If you do not reach me or leave a message on my e-mail ([mwitt@northwestern.edu](mailto:mwitt@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. Any problem that causes you to be physically unable to take a test must be carefully documented by an independent source who can confirm that you were incapacitated. A missed midterm will have its weight put on the next exam.

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

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: 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, discussion posts on Canvas, 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 are the math requirements for this class?

A: You will need to be able to do really simple derivatives, graphing, exponentials, and algebra. I will do some more complicated math for the purposes of exposition but I will not ask you to 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.

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: Your first Canvas Homework is to go on Canvas's discussion board and post a question about the class material. After you do that, explain in Canvas what you did (in the spot for Homework 1). The Second Homework will require you to answer one of the questions posted by one of your peers, and then describe what you did in the spot for Homework 2. Is it OK to collude with one of your peers to get this done? I don't see why not. (See...you're getting practice with the Canvas discussion board *and* the Canvas homework system!)

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

A: <https://marginalrevolution.com/> I check them every morning. Also, this guy is pretty great; I've signed up to get his column e-mailed to me every weekday.

<https://www.bloomberg.com/opinion/authors/ARbTQIRLRjE/matthew-s-levine>

Q: Will this class be recorded?

A: "Portions of this class will be recorded by the instructor for educational purposes. These recordings will be shared only with students enrolled in the course and will be deleted at the end of the Quarter."

You are not allowed to make recordings of the class. For more information about this, look here:

<https://www.registrar.northwestern.edu/faculty-staff/syllabi.html>

Q: What if I have concerns about accessibility for this class?

A: Any student with a documented disability needing accommodations is requested to set these up with AccessibleNU including taking the exams at ANU ([accessiblenu@northwestern.edu](mailto:accessiblenu@northwestern.edu), 847-467-5530). Please do this as early as possible in the quarter (preferably within the first two weeks of class). All discussions will remain confidential. For resources on safety and mental and physical health, please visit the [NUhelp](#) website or phone app.

Q: When the class is over, what will I wish that I had known at its start?

A: Beyond the obvious things, in the past some students wrote on their CTECs that they wish they had known my tests would be so hard. I agree that my tests tend to be a bit long and I try to make them hard. Also, I'll admit there's some reading so be careful not to fall too far behind. Now you've been warned.

Q: Anything else?

A: Yes. Academic integrity; Covid; Diversity, Equity, and Inclusion; and Wellness and Mental Health.  
<https://www.registrar.northwestern.edu/faculty-staff/syllabi.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.