

ECONOMICS 201-60

INTRODUCTION TO MACROECONOMICS

Winter 2008

MW 2:00-3:20 pm, HRS 107

Robert J. Gordon, AAH 350

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web site: <http://faculty-web.at.northwestern.edu/economics/gordon>

Office Hours, T 4-5:30 pm or by e-m appointment

Teaching Assistants:

Brian Anderson, anderbp@northwestern.edu

Christopher Jones, christopher-jones@northwestern.edu

Niels Pedersen, n-pedersen@northwestern.edu

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TA office hours (all in AAH328), dates and times to be announced

1. *The Course: Its Purpose and Prerequisites.* Economics 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, as a requirement in some other fields and schools, and just because it is an interesting course about the real world out there. ***Please note: there are no prerequisites for Economics 201.***

2. *Required Reading.* Books are available at Norris and on the internet. This course gives students the option of print books at a high price or the e-book at less than half the cost. See the third page of this syllabus for details.

3. *Advice.* If you don't understand a particular point in the lecture, raise your hand and ask it on the spot. Or come up and ask after class. For detailed questions about the text, problems, and readings, talk to the TA in the section meeting or in their office hours. You will also find that many of your questions only take a minute or two to answer, and for these you should come up after class rather than making a special trip to office hours. You can also reach the TAs or me by e-mail (addresses listed above). The TAs and I both pledge that any e-mail question will be answered within 24 hours, seven days a week.

4. *Web Site.* My web site (address above) has several sections, one of which involves

teaching. The teaching section of the web site provides past midterms and final exams, including answers. No material from lectures is provided on the web site or on Blackboard; to find out what happens in lectures, you have to attend.

5. *Purpose of lectures and TA sections.* The lectures will provide real-world examples to motivate the textbook material, will help you figure out what is important and what you can skip, will relate items in the outside reading course packet to the textbook theory and to current events, and will present and solve questions and problems. Please note that there is a major section of the course in the third and fourth week which covers material which is not in the textbook at all; this material will be explained in the lecture, with illustrations from the course packet. TA sections will provide further instruction on the more technical aspects of the course and discuss answers to homework assignments and midterms. They will also provide sample test questions prior to the midterm and final, and present additional explanations of topics for which there is insufficient time in lectures.

6. *Requirements.*

a. *Graded Homework Assignments* (5). Due in TA sections on the dates indicated on the schedule. Counts 20 percent of grade.

b. *Midterms* (2). Monday, February 4, and Monday, February 25. Each counts 20 percent of grade, total 40 percent.

c. *Final.* Wednesday, March 19, 9-11 am. Counts 40 percent of grade. **Note that the final exams are unusually late this year, so do not schedule any spring break travel until after your last scheduled final exam.**

*IMPORTANT NOTE: A pocket calculator must be brought to each midterm and to the final exam. There are **no questions** from the outside reading packet on the homework assignments, only on the midterms and final.*

INSTRUCTIONS FOR TA SECTION SIGN-UP

The university seems to be incapable of including an adequate TA section signup function within CAESAR. Thus many Economics courses are using a commercial web site to carry out this function. It is free. To sign up, go to www.mysignup.com/econ201wi08

ALL TA SECTIONS ARE ON FRIDAY, either 9-9:50am or 3-3:50pm.

61	Brian Anderson	Friday	9-9:50 am	FSK B17
62	Brian Anderson	Friday	3-3:50 pm	FSK B17
63	Christopher Jones	Friday	9-9:50 am	FSK B1
64	Christopher Jones	Friday	3-3:50 pm	FSK B1
65	Niels Pedersen	Friday	9-9:50 am	HRS 203
66	Niels Pedersen	Friday	3-3:50 pm	HRS 203
67	Mary Zaki	Friday	9-9:50 am	HRS 308
68	Mary Zaki	Friday	3-3:50 pm	HRS 308

REQUIRED READING AND INSTRUCTIONS

Text: Paul Krugman and Robin Wells, *Macroeconomics*, 2006, Worth publishers.

Students constantly complain that textbooks are overpriced. This Econ 201 class, perhaps for the first time in the history of the economics department, gives every student the option of getting all the textbook and web material for \$49 instead of the price of a new book at Norris, \$110. The e-book is a virtual image of the textbook that you can view on the screen. If you have downtime between classes, you can view it from anywhere on campus without having to carry a physical book around with you.

The reasons I am making this a primary option in this course are (1) to save money for students, (2) to give you the option to read it from any campus computer, and (3) because it provides many ancillary help functions on the web to help you study. If you want to sample the e-book's features, go to the web site listed here, click on "Preview a chapter of this book", the "start using the e-book," then click on Chapter 3 in the Table of Contents.

So your options are:

(1) e-book \$49. You can buy this directly from the publisher's web site using a credit card.

http://ebooks.bfwpub.com/krugmanwells_macro.php

Click on the purchase option, leave the bullet where it is to select the "standard version", and then insert 60208 as the zip code of this university. If you have any problems, call the toll free number at the bottom of the purchase screen.

Alternatively if you don't have access to a credit card you can buy an e-book access card at Norris for the same \$49.

(2) Used from Norris \$83 (this is the worst option since it doesn't give you access to the study guide or the ancillary help functions on the web)

(3) New printed book with study guide and web help functions, \$110

If you would prefer a printed book, Norris has new and used books on the shelf now.

Required Additional Reading: *Course Packet for Gordon Econ 201*, available now at the Econ Department office, AAH 302 for \$12.

This syllabus is a general guide about what will happen on a particular day in lectures and in TA sections. However, specific assignments, i.e., which textbook or study guide to bring to TA sections, or which sections of the text and reading packet will be covered on a particular quiz or midterm, will be announced only in lecture.

Handouts

The Krugman text is very light on algebra. We will have four supplemental algebraic handouts on several main topics. These will be available only in lecture and will be the source of several problems on the graded homework, midterms and final. If you miss a particular lecture where these handouts are distributed, I will bring them to the subsequent lecture but not beyond that.

SCHEDULE OF TA SECTIONS

The TA sections will discuss answers to homework problems (HP) and midterms and will also discuss practice questions and problems for tests:

11 Jan	Teach Graphing (Appendix to Ch. 2, pp. 41-55)
18 Jan	Practice questions; HP #1 turned in
25 Feb	Return HP #1; Practice questions; HP #2 turned in
01 Feb	Return HP #2; Practice questions for midterm
08 Feb	Return midterm; Discuss answers
15 Feb	Practice questions; HP #3 turned in
22 Feb	Practice questions; HP #4 turned in
29 Feb	Return midterm and HP #4; Discuss answers
07 Mar	Practice questions; HP #5 turned in
14 Mar	Review sessions will be scheduled at times and places to be announced

LIST OF TOPICS AND ASSIGNMENTS

IMPORTANT NOTE: The code for reading assignments on the schedule works as follows

"K 1" means read all of Chapter 1 in the Krugman text. Selections from the Course Reading Packet are not listed separately. The Table of Contents of the Reading Packet lists items keyed to particular chapter numbers, e.g., reading items 5-1 or 5-2 are to be read concurrently with Chapter 5 of the Krugman textbook.

THE FOLLOWING CHAPTERS IN KRUGMAN ARE NOT ASSIGNED: 12, 15, 16, 17

M 07 Jan	Administrative Details; What is Economics; Big Tradeoffs	Nothing (first lecture)
W 09 Jan	First Principles, Gains from the Free Economy, Tradeoffs	K 1
M 14 Jan	PPF, Opportunity Cost, Efficiency, Comparative Advantage Note: Graphing will be taught by TAs on Jan 11	K 2 K pp. 41-55
W 16 Jan	Supply, Demand, and Interactions between Supply and Demand	K 3
M 21 Jan	NO CLASS: Martin Luther King Day	
W 23 Jan	Market failures; shortages; surpluses; externalities; cons surplus	K 4
M 25 Jan	Consumer and Producer Surplus, Applications	K 5
W 27 Jan	How Wages and Salaries are Determined; Inequality	Readings Part "A" and "B"
M 04 Feb	FIRST MIDTERM (covers text through Chap 5, Readings through Chap 5 but not Topics "A" or "B")	
W 06 Feb	What is Macro? Business Cycles vs. Long-run Economic Growth	K 6

M 11 Feb	Measuring GDP, Unemployment, Price Indexes, Inflation	K 7
W 13 Feb	Long-run Economic Growth: Why Some so Rich, Others so Poor?	K 8
M 18 Feb	Saving, Investment, Financial Assets, Financial Planning	K 9
W 20 Feb	Aggregate Supply and Aggregate Demand	K 10
M 25 Feb	SECOND MIDTERM (covers text and readings from first midterm through Chapter 9)	
W 27 Feb	Income and Expenditure	K 11
M 03 Mar	Money and Monetary Policy	K 13
W 05 Mar	International Trade	K 18
M 10 Mar	Open-Economy Macroeconomics	K 19
M 19 Mar	FINAL EXAMINATION (9-11 am)	

Economics 201

Frequently Asked Questions

Q: Are there any prerequisites?

A: No.

Q: Do I need to be skilled in math?

A: The only math used in Economics 201 is a bit of junior high school algebra in two or three of the lectures, and this material will be tested in homework problems, the midterms, and the final. The algebra will be distributed to you via paper handouts, and you must come to class to receive these. You need to be comfortable with math to become an economics major, but in Economics 201 you don't have to face that decision yet since we just use junior high school algebra, no calculus at all.

Q: How do I sign up for my section?

A: Sign up at www.mysignup.com/econ201wi08

Q: Can I show up for any section I want regardless of what I've signed up for?

A: No, you must come to the section you've signed up for, except for sickness. Your TA is responsible for you and your grade, and the TA rooms are strictly limited as to capacity. If you are sick and miss a 9am Friday section, you can go to the 3pm Friday section of your own TA.

Q: Any tips on which section to sign up for?

A: Most important, if you anticipate trips for some athletic or other activity on Friday afternoons, then sign up for the 9am section.

Q: Important dates?

A: P/N Deadline, Friday, 25 January.

Drop Deadline, Friday, 15 February (you'll know your first midterm grade by then).

Q: Can I add now?

A: Yes. There are plenty of extra seats in the lecture room HRS 107. Get a paper permission number from me at the end of the lecture.

Q: What happens if I miss a section where a homework problem is to be turned in?
A: If an extracurricular activity or illness forces you to miss a section, you must turn in your homework problem in your TA's mailbox in AAH 302 by the following Monday at 5pm (the office is open M-F 8:30 am to 5:00 pm. To allow for illness or unusual circumstances, the grading in this course automatically drops your lowest score on the homework problems; only your highest four scores count. Thus if you miss one homework problem and get a zero score, that is automatically dropped.

Q: What's the point of the homework problems?
A: Two: first, to give you an incentive to keep up with the reading, and second, to give you practice on exactly the same kinds of questions that will be asked on the midterms and final. Homework problems will cover any material covered in lecture up to the Monday lecture of the current week. Homework problems will be posted on Blackboard by Sunday night prior to the Friday when they are due.

Q: How does this course use the web?
A: Past exams are available on Gordon's web site. Homework problems are available via Blackboard. Four important handouts are distributed in class and are not available on the web. As much as 20 to 30 percent of your grade depends on understanding these handouts. The lectures use Powerpoint slides that include textbook material as well as updated data graphs and other material not in the textbook. The Powerpoint slides are not available on the web; you are expected to come to lectures.

Q: Should I work out all the text's End-of-Chapter questions and problems?
A: Absolutely.

Q: What happens if I miss either midterm?
A: The midterms are administered on Monday during the normal class time 2:00-3:20 pm. If you are not free at 2:00 pm those days, then you should not be taking this course.

Q: Will there be essay questions on the tests or is it all objective?
A: No essay questions on the midterms or final. But, beware. While many of the questions will come from the textbook's test bank, others will not and will be based on the course packet readings and the lectures' linkages between the outside readings, recent events in the "real world," and textbook material.

Q: Where do I find past midterms and final exams?

A: On my web site, see the address at the top of the first page of this syllabus or google "Robert J. Gordon".

Q: What happens if I fall suddenly ill and cannot take one or both midterms?

A: You must leave a message with the Economics department (491-5140), open 8:30am - 5pm only. You will get an automatic F on the midterm if you don't show up and haven't notified the department office beforehand. There are no makeups for midterms. If you miss a midterm because of illness, have notified us beforehand, and have a doctor's excuse, your grade will be adjusted so that the missed midterm does not count.

Q: What happens if I miss the final?

A: You get an incomplete in the course. There are no alternative arrangements made to take the final at any time other than that listed in the official registrar's schedule.

Q: Do I need to come to lectures? Can't I just read the textbook and do the exercises?

A: First, substantial material in this course is not contained in the textbook — see the lecture schedule for 27 January. Also, there are four algebraic handouts that go beyond anything in the text, and many of the analytical questions on the midterms and final are based on those handouts, which you can obtain only by coming to lecture. Beyond that, the lectures will make it easier to read the textbook and get good grades on the homework problems and tests. The lectures will emphasize some points in the textbook and tell you which points and examples to skip. There will be much discussion in the lectures to link together and integrate issues raised in the course packet readings with the framework of the text. Finally, the lectures contain many hints about the nature of questions to be asked on the midterms and final, and students who attend the lectures and pick up these hints will do better than students who do not.

Q: How do I get a good grade?

A: Recipe:

- (1) Skim the textbook assignment before the lecture.
- (2) Read the text carefully and do the questions and problems before the homework problems are due in TA section.
- (3) Read the assigned items in the outside readings before the lecture where they will be discussed.
- (4) Come to lecture, since the lectures will highlight the most impor-

tant things to learn from the text, develop the graphs in a way that makes them much easier to understand than just reading the text, and will provide numerous hints as to the type of questions to be asked on the midterms and final.

Q: Is there a web site for this course?

A: The address is listed at the top of the first page of the syllabus. It contains test questions from past courses. Homework problems and additional material to be discussed in TA sections will be posted on Blackboard. Students will be notified by e-mail whenever anything new is posted on Blackboard.

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 questions. But don't come until you've done the assigned reading on the topic you plan to ask about. The TA office hours are spread out during the week, and if you have a conflict, you can go to another TA's office hours if you can't go to see your own TA.

Q: What about e-mail?

A: If you've got a question that can be answered briefly, e-mail to your TA first, and if his/her answer isn't clear, e-mail to me. All of us pledge to answer every message within 24 hours, seven days per week. If your question is that you just don't understand what you're reading, then you'll need to come to office hours. Start with the TA and if not satisfied, then come to my office hours on Tuesday, 4-5:30pm.

Finally, remember that many questions of clarification can be asked by raising your hand in lectures and/or by coming up to talk to me after lectures. I never leave the lecture room until every student has departed.

Final word: this is a big class but there's no penalty for raising your hand and asking a question. Don't be afraid; asking a question in lecture helps everyone. It helps me learn what students don't understand; it slows down the lecture; and it reassures all the students that they are not alone in missing a point. Don't wait for me to ask for questions. To ask your question, just wave your hand constantly until I notice it.