

PRINCIPLES OF MACROECONOMICS

WELCH COLLEGE — SACRED HEART UNIVERSITY

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Overview: Principles of Macroeconomics provides a broad overview of the major concepts, theories, and empirical evidence of macroeconomics. The course will cover key topics such as national income determination, inflation, unemployment, interest rates, fiscal and monetary policy, gains from trade, and economic growth. This course is intended for students with little or no prior knowledge of macroeconomics and is a prerequisite for more advanced study in economics and related fields. The course will also be useful for students considering careers in government, international organizations, consulting, and the private sector. Success in the course will require a thorough understanding of both the course text and the lecture material.

Prerequisites: An understanding of principles of microeconomics (EC 202) and basic algebra (MA 106/109) is expected from day one. If this material is not familiar and intuitive, I highly suggest you review it before the course begins.

Course Text: The primary text for this course is *Modern Principles: Macroeconomics* by Cowen and Tabarrok (2024, 6th Edition). In order to complete the HW you must purchase access to the Achieve homework system which also provides access to the e-book. The easiest way to get access to Achieve is directly from the [publisher](#). While the Achieve system has access to the e-book, I recommend that you purchase a package of Achieve and 4 month rental of the paperback textbook (Under the “Packages” tab, select “Paperback + Achieve” ISBN:9781319544140); this package cost \$139.99, only \$25 more than Achieve alone, and includes a rental of the paperback book. Alternatively, you may purchase the text and/or Achieve access at the campus bookstore or through a third-party reseller. I expect students to have full textbook and Achieve access no later than the third class meeting.

Learning Objectives

- **Understand Basic Economic Concepts:** Students should be able to understand and explain fundamental economic concepts, such as supply and demand, scarcity, opportunity cost, and gains from trade.
- **Identify Key Macroeconomic Indicators:** Students should be able to identify, define, and calculate key macroeconomic indicators, such as Gross Domestic Product (GDP), inflation, and unemployment.

- **Explain Economic Growth:** Students should be able to explain the theories of what drives economic growth and the importance of growth.
- **Analyze Aggregate Demand and Supply:** Students should develop the ability to analyze and illustrate changes in aggregate demand and aggregate supply and understand their implications for the economy.
- **Explain Fiscal and Monetary Policy:** Students should be able to explain the basic concepts of fiscal policy (government spending and taxation) and monetary policy (central bank actions) and their role in influencing the economy.
- **Evaluate Policy Effects:** Students should be able to evaluate the potential effects of changes in fiscal and monetary policy on the economy.
- **Discuss Real-World Applications:** Students should be able to engage in discussions about real-world economic issues and events, appropriately connecting course concepts and models to practical examples.

Office Hours: Regular office hours are held Wednesdays on the West Campus in the East Building, Room E-1048. Additionally, I am available by appointment throughout the week. As long as my calendar is open, I am more than happy to meet with you at a time that works best for you. Economics is not always intuitive; extra help may be required to successfully complete this course. Please do not hesitate to utilize office hours to discuss any aspect of the course.

Attendance: In-person attendance is expected. There will be no virtual access. If 50% or more of the class is missing, those present will receive a one point addition to their course grade, those missing will receive a half point reduction to their course grade.

Calculators: Students are expected to provide their own calculator for in-class and exam usage. Any four-function calculator is sufficient; calculators that have the ability to store text (e.g. most “graphing calculators”) are prohibited.

Important Dates

First Day of Class	Tuesday, January 16
Last Day to Add/Drop	Tuesday, January 23
Exam 1	Monday, February 2
Exam 2	Thursday, February 29
Spring Break	Sunday, March 3 - Sunday, March 10
Last Day to Withdraw	Monday, March 25
Easter Break	Friday, March 29 - Monday, April 1

Exam 3	Thursday, April 4
LAEE Due	Monday, April 29
Last Day of Class	Monday, April 29
Final Exams	Tuesday, April 30 - Monday, May 6

Course Outline: The course is presented in four units with fourteen lectures in total. At the conclusion of each unit, there will be an in-class examination. Please refer to the Course Schedule for a complete account of specific dates.

Unit 1: Economic Foundations

L1: The Power of Trade & Comparative Advantage	Ch. 2
L2: Supply & Demand	Ch. 3
L3: Equilibrium	Ch. 4

Unit 2: Economic Growth

L4: GDP and the Measurement of Progress	Ch. 6
L5: Growth, Capital Accumulation, & the Economics of Ideas	Ch. 8
L6: Saving, Investment, & the Financial System	Ch. 9

Unit 3: Business Fluctuations

L7: Unemployment & Labor Force Participation	Ch. 11
L8: Inflation & the Quantity Theory of Money	Ch. 12
L9: Business Fluctuations	Ch. 13

Unit 4: Macroeconomic Policy and Institutions

L10: The Federal Reserve System & Open Market Operations	Ch. 15
L11: Monetary Policy	Ch. 16
L12: The Federal Budget	Ch. 17
L13: Fiscal Policy	Ch. 18
L14: Political Economy & Public Choice	Ch. 21

Grade Composition: The course grade is composed of six elements: a Liberal Arts Exploration Essay, three Mid-term Exams, a Final Exam, and seventeen Homework assignments.

LAE Essay 10%

This course is a part of the University's Liberal Arts Exploration Core; consequently, students will write an essay to enhance their understanding of global

social issues and increase their awareness as informed and responsible citizens. More information on the essay will be distributed in the second half of the course.

Exam 1 12%

In the grand theater of economics, microeconomics is the stage where the fundamental principles come to life. The big ideas of economics, from the power of incentives to the importance of institutions, are the actors in this drama. They show us that every decision is a trade-off, a dance on the margin, where self-interest and social interest can be aligned through institutions. The principles of supply and demand, and the power of trade and comparative advantage, are not just theories, but the very mechanisms that make our economies tick. Exam 1 covers these fundamental principles and is scheduled for Monday, February 5.

Exam 2 12%

Economic growth is the engine that propels societies forward. It's not just about numbers and GDP, but about progress and the well-being of real people. The process of growth involves capital accumulation, but it's also about the economics of ideas, because innovation is the fuel that drives this engine. The financial system plays a crucial role in this process, channeling savings into productive investments. Exam 2 covers the basics of growth, from GDP and loanable funds to the Solow model of growth, and is scheduled for Thursday, February 29.

Exam 3 12%

The modern economy is not a static entity, but a dynamic system that goes through cycles of booms and busts. Understanding business fluctuations involves examining unemployment and labor force participation, inflation and the quantity theory of money, and the interplay of aggregate supply and aggregate demand. It's about identifying the transmission and amplification mechanisms that transform small shocks into large economic fluctuations. Exam 3 focuses on business cycles and their consequences using the aggregate supply–aggregate demand model; it is scheduled for Thursday, April 4.

Final Exam 24%

The Final Exam is cumulative, covering macroeconomic policy and institutions as well as the material from the three exams above. Macroeconomic policy and institutions are the levers and pulleys that guide the economic machine. The Federal Reserve System, with its open market operations and monetary policy, is a key player in this arena. Fiscal policy, involving the federal budget, is another

important tool for influencing the economy. The field of political economy and public choice sheds light on how these policies and institutions are shaped by political processes and how they can be designed to promote economic stability and growth. This exam will take place according the [University Registrar’s Final Exam Calendar](#).

HW 30%
Homework is due at 11:59 PM on the date listed in the Course Schedule. Late HW will be accepted with a 10% penalty per day, ending on April 29, 2024, no exceptions. Collaboration on HW is encouraged, however I expect each student to submit their own work. I will drop the three lowest scores that you receive on HW assignments. This gives you some insurance against being sick, having personal or technical difficulties that prevent you from completing any given assignment on the due date, or just having a bad or busy day. If for whatever reason it simply isn’t feasible for you to complete two or three of the assignments on time, that’s ok: you will still be able to earn a good grade for the course as a whole, provided such events are isolated and that you otherwise complete the assignments regularly. HW assignments are available on [Achieve](#).

If you have trouble accessing the Achieve system try the usual procedures of using a different browser, updating your browser, clearing the cache, using a different computer, etc. If that doesn’t work, contact [Achieve Support](#). My experience is that support is very good. Note that I can’t help you with technical support! I’d like to but I don’t control the Achieve system. If support needs to contact me, they will.

The Achieve Course ID can be found on the course Blackboard site.

Grade Policies

- Letter Grade Scale: A: 93-100; A-: 90-92; B+: 87-89; B: 83-86; B-: 80-82; C+: 77-79; C: 73-76; C-: 70-72; D+: 67-69; D: 60-66; F: 0-59.
- Make-up Policy: Make-up assessments will not be given. Let me know as soon as possible, before the assessment, if a serious illness, personal emergency, or other exceptional event prevents you from taking an assessment. Given an excused absence, the weight of the missed assessment will be added to the weight of your Final Exam. Please understand that out of fairness to the other students, I will have to assign a grade of zero to an assessment if your absence is unexcused.

- **Curves and Rounding:** Individual assignments may be curved, however a curve is not guaranteed. In the event of a curve, the following principles will be applied: (1) 0's will remain 0's, (2) 100's will remain 100's, and (3) the curve function will be monotonic—i.e. no student will “jump” another student with the curve (Sher, 1977). Course grades will be rounded to the nearest whole number.
- Students may appeal the grade they receive on any graded in-class assignment. Appeals must be submitted in written form to the professor within two weeks of the graded material being distributed. Upon appeal, the student's work will be fully regraded by a qualified economics professor not associated with the course. As a result of the regrading, the student's score may increase, decrease, or remain the same. The regraded score is final and not subject to further appeal.
- **Extra-credit:** No individual extra-credit projects will be offered or accepted and no “grade-nudges” will be provided; do not ask. Grades are not negotiable.
- Violations of course policies may impact your course grade.

Electronic Device Policy: Regarding electronic devices in class, the use of phones, tablets, laptops, smartwatches, or other electronic devices (except an approved calculator) is strictly prohibited. Studies have repeatedly demonstrated that laptop usage exerts a statistically significant, negative effect on students' grades (Carter, Greenberg, and Walker, 2017), learning and retention (Mueller and Oppenheimer, 2014), and, most importantly, on non-laptop using classmates' performance (Sana, Weston, and Cepeda, 2013). See Dynarski (2017) for a convincing summary in the New York Times. Overall, the literature suggests that due to negative externalities, a prohibition on the use of electronic devices is the second-best outcome.

Generative AI: Students are permitted (and even encouraged) to use generative artificial intelligence (such as ChatGPT or Claude) throughout their out-of-class assessments and assignments. When used, students are expected to cite the use of generative AI.

Email Communication: I will check my email regularly during the day throughout the week; I will not check or respond to email over the weekend. I expect students to check their University emails regularly throughout the week; communications related to this class will be disseminated through this medium.

Expectations of Students

- Students are expected to attend class on-time. Late arrivals are not only disruptive to the class, but also result in missed material. Students are responsible for all mate-

rial during class, whether or not they are present. Late-arrivals will be considered absences.

- Assigned readings are to be read before the relevant class.
- If you are struggling with the course material, I expect you to attend office-hours.
- Sacred Heart values [Academic Integrity](#); act accordingly.
- All accommodations must be arranged through the [Office of Student Accessibility](#).
- I do not consent to any form of electronic recording in this class; this includes but is not limited to audio, photo, and video recordings. As I have not provided consent, and for the privacy and comfort of your fellow students, audio, photo, and video recordings are strictly prohibited during class. No exceptions.

Syllabus Policy: The syllabus is subject to change by the instructor during the semester. This syllabus and any addendums attached shall not be construed by the student as a contract, implied or expressed, between the student and/or the professor and the University.

References

- Carter, Susan Payne, Kyle Greenberg, and Michael S Walker. 2017. "The Impact of Computer Usage on Academic Performance: Evidence from a Randomized Trial at the United States Military Academy." *Economics of Education Review* 56: 118–132. DOI: <https://doi.org/10.1016/j.econedurev.2016.12.005>.
- Cowen, Tyler, and Alex Tabarrok. 2024. *Modern Principles of Economics*. sixth ed.: Worth Publishers. URL: <https://store.macmillanlearning.com/us/product/Modern-Principles-Macroeconomics/p/1319421253>.
- Dynarski, Susan. 2017. "Laptops Are Great. But Not During a Lecture or a Meeting." *New York Times*, URL: <https://www.nytimes.com/2017/11/22/business/laptops-not-during-lecture-or-meeting.html>. accessed 19-April-2022.
- Mueller, Pam A, and Daniel M Oppenheimer. 2014. "The Pen is Mightier than the Keyboard: Advantages of Longhand over Laptop Note Taking." *Psychological science* 25 (6): 1159–1168. DOI: <https://doi.org/10.1177/0956797614524581>.
- Sana, Faria, Tina Weston, and Nicholas J Cepeda. 2013. "Laptop Multitasking Hinders Classroom Learning for Both Users and Nearby Peers." *Computers & Education* 62: 24–31. DOI: <https://doi.org/10.1016/j.compedu.2012.10.003>.
- Sher, Lawrence. 1977. "The Perfect Curve: at Least for Grades." *The Two-Year College Mathematics Journal* 8 (3): 148–152. DOI: <https://doi.org/10.2307/3027265>.