This is an exciting time to study Macroeconomics! With the election behind us and federal budget battles ahead of us, it seems nearly daily we are offered new ideas, programs and rhetoric for government policy and the economy. What actually can be done to increase growth and decrease unemployment? Does the federal government deficit matter? Is free trade a good thing? For whom? Why is the Federal Reserve Bank so concerned with inflation? What does the Fed do anyway?

This course will introduce you to some of the tools of macroeconomics. We will encounter a number of the most fundamental models and theories in economics, and use them to analyze a variety of policy issues. Keep in the forefront of your mind that this course is primarily about the tools, not particular applications. When you complete this course, you should be readied to use these tools on a variety of issues, including media reports, other social science courses and many other aspects of your everyday life! Economic intuition has forced me to reevaluate and reformulate many of my opinions. Beware; it is my hope that this class will force you to as well.

Course Organization:

The course is structured and organized to first introduce you to macroeconomic intuition and models, and then provide you with opportunities to apply this intuition to common policy problems. The course requires five problem sets, two midterms, a two-part final and weekly writing assignments. Course problem sets cover the models presented and should help you to appreciate the fundamentals and intricacies of the models. You are encouraged to work in groups on the problem sets, but each student must hand in their own problem set answers.

The midterms and the first part of the final allow you to show your understanding of the tools of the course. They may ask you to extend aspects of a model, use a model to predict economic activity, critique the strengths and weakness of an economic argument, etc. The problem sets should give you a good preparation for these three tests.

The highlight of the course is the second half of the final. It will not ask you about a particular macroeconomic model, but instead present you with a series of carefully chosen policy examples that you may likely encounter in your day-to-day life. You then have the opportunity to choose the model from the course you find most applicable to the scenario, and based upon the model express your informed prediction/opinion. Unlike the three other tests, the second half of the final will not solely test whether you understand a model, but will allow you to show your ability to utilize the economic intuition from the course in a clear and convincing manner. Obviously, in order to use a model to inform an economic policy opinion, you must understand the tools presented in the course. Students ubiquitously find the second half of the final the most exciting part of the course, and usually leave the final discussing/debating their answers. The weekly writing assignments are designed to prepare you for this part of the course.
Text:

Grading:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Weight</th>
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<tbody>
<tr>
<td>Homework</td>
<td>20%</td>
</tr>
<tr>
<td>Short Writing Assignments</td>
<td>15%</td>
</tr>
<tr>
<td>Midterm 1</td>
<td>20%</td>
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<tr>
<td>Midterm 2</td>
<td>20%</td>
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<tr>
<td>Final, Part 1</td>
<td>20%</td>
</tr>
<tr>
<td>Final, Part 2</td>
<td>20%</td>
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</tbody>
</table>

Complications:

- The lowest 5% of your grade will be dropped
- The next lowest 20% of your grade will receive only a 10% weight.
- No late work will be accepted.
- There will be no extra-credit.
- There will be no make-up nor re-take exams.

If you wish to dispute the grade assigned to a question on an exam or homework assignment, you must do so in writing within one week after the exam or homework is returned. You must include a specific rationale for why your answer is correct or deserving of more points. A request to regrade one part of an exam or homework may yield a higher or lower revised grade for the assignment depending upon the circumstances.

The Weekly Writing Assignments:

Writing and the ability to clearly express oneself is an essential skill that I believe is too rarely encouraged in college courses. Further, the application of economic intuition to forming and informing my opinions is one of my chief joys in studying economics. A writing prompt will be presented each week in class. You will have a week to type a response to the prompt between 1/3 and 4/3 pages long, single spaced, no funny business with the margins or font. Unless you become extremely compelled by the topic, the assignments should not take you more than half an hour or so a week.

You are encouraged to have fun when writing up your response to the prompts. There are no “right” answers, but you are expected to use the economic models and intuition learned in the course to frame your answers. Feel free to discuss and debate your answers with fellow students in the class, but each student must hand in their own typed up assignment.

If you are not finding the writing assignments challenging and fun, or they are taking longer to write up than you would like, stop by and talk with me during office hours.

Things Strange and Wonderful:

1) You are expected to attend class. If for any reason you must miss a class, I expect you to inform me in advance. You can do this by letting me know at the end of the previous
lecture, by sending me an email, or by leaving a message on my answering machine. If you miss a class and were unable to inform me in advance, I would appreciate an email or call letting me know what happened.

2) In addition to posing questions to the entire class, I will often call on a specific individual to answer the question. This is not a sadistic act of hazing on my part, but helps to encourage an interactive classroom atmosphere. You may pass if you don’t feel like you have an answer, or are just having an off day. Even if you don’t think you have the final answer, you are encouraged to share your thoughts on the problem; many times students will surprise themselves with how much of the material they really do know.

3) By March 10th you are expected to have talked with me outside the classroom. This gives me a chance to get to know you and your interests a bit better. I’d like to hear your thoughts on what you’ve found interesting in the course, as well as address any questions or concerns you might have with the structure or material in the course. You can catch me before or after class, during my office hours, or during any of my frequent lunches outside Carnegie.

**Dates:**

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Out</th>
<th>Due</th>
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</thead>
<tbody>
<tr>
<td>Homework 1</td>
<td>1/27</td>
<td>2/3</td>
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<tr>
<td>Homework 2</td>
<td>2/3</td>
<td>2/17</td>
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<tr>
<td>Midterm 1</td>
<td>2/24</td>
<td>in class</td>
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<tr>
<td>Homework 3</td>
<td>3/3</td>
<td>3/10</td>
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<tr>
<td>Homework 4</td>
<td>3/10</td>
<td>3/31</td>
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<tr>
<td>Midterm 2</td>
<td>4/7</td>
<td>in class</td>
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<tr>
<td>Homework 5</td>
<td>4/19</td>
<td>4/28</td>
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<tr>
<td>Final</td>
<td>5/11</td>
<td>9:00 am</td>
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</table>

All homework is due at the beginning of class (sharp) on the due date. No late work will be accepted.

I will promptly return graded homework and tests to you in class. Please keep all work at least until the end of the semester. The weekly writing assignments will refer to one another, hence you will need to keep previous weeks’ assignments on hand. I will keep any unreturned work (including the final) through the fourth week of the next semester. You are encouraged to stop by and pick up all course material before then.

**Reading Assignments:**

I will hand a section outline out at the beginning of each of the three main sections of the course (1/18, 2/24, and 4/7). The section outline will include reading assignments for each class. Be sure to complete the assigned readings before each class; otherwise you will be unable to take effective notes and to enter into the discussions. When reading for the course, concentrate on making sure you understand the intuition behind the material. As a test, imagine that you had to explain to a non-economist the workings of the model or intuition presented. Make sure you are able to explain what a model seeks to explain, what assumptions it makes, how it works, and especially when it
doesn’t work. Reading with the goal of being able to clearly explain the main intuition of the text should help guide you through the required readings.

**Emergencies:**
Accommodations will be made in the case of illness with a note from the CUC Student Health Services or for a death in the family with documentation from the CUC Monsour Counseling Center. Additionally, students who need to miss a class for religious reasons will be accommodated, as is Pomona College’s policy.
Econ 51: Principles of Macroeconomics
Spring 2005
T Th 9:35 am - 10:50 am
HN 101
www.economics.pomona.edu/steinberger/econ51/

Professor Steinberger
Carnegie 203, x1-8977
Email: Michael_Steinberger
OH: T, Th 4:00 pm – 5:00 pm

Section 1 Reading Assignments
January 18 – February 24

1/18 Tradeoffs and Opportunity Costs Chapters 1 and 2
1/20 Supply and Demand Chapter 3
1/25 Intro to Macroeconomics Chapter 4
1/27
2/1 Inflation and Unemployment Chapter 5
2/3
2/8 Productivity and Growth Chapter 6
2/10 Consumption and Aggregate Demand Chapter 7
2/15
2/17 Demand Chapter 8
2/22
2/24 In Class Midterm 1

Expectations:
Complete the assigned readings before class.
Be prepared to discuss the content of the readings and your reaction in every class period.
Be able to express the main models or intuition presented in the readings in your own words.

Suggestion:
Meet with a classmate to discuss the readings outside of class. This can be done over lunch/dinner or walking to or from class, and is particularly effective if you do not share common political beliefs. Discuss/debate your reactions to the predictions of the models. While theory can give us a better understanding of the results and consequences of following different policies, we may (and renowned economists do) argue about which policy goals we should use our macroeconomic tools to pursue.