

ECON 2: Principles of Macroeconomics

University of California, Santa Barbara
Monday, Wednesday
9:30 – 10:45
Music LLCH
Winter 2026

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Office Hours: Wednesdays 5 - 6:30pm
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Course Description

This course is an introduction to the foundations of macroeconomics. Unlike microeconomics, which examines behavior at a household, consumer or firm level, we will analyze the entire economy. This means that you will begin to understand how the numbers that we often see in the news (GDP, CPI, unemployment rate and interest rates) are calculated and what they really mean. After learning about how to evaluate the health of an economy using these statistics, we will begin to learn how the economy operates in the short-run. During this part of the course, we will discuss the costs and benefits of the Federal Government and Federal Reserve responding to macroeconomic shocks. This will naturally lead us into a discussion about what the ideal level of production should be in the long-run.

Learning Goals

By the end of the course, you should be able to:

- Understand how to measure the health of the economy
- Use economic theory to explain the consequences of economics shocks
- Discuss the benefits and consequences of fiscal and monetary policy

Course Materials

TopHat.com (Required):

The only item you are required to purchase is a TopHat.com subscription. The quizzes will be run through TopHat and the platform will enhance lectures, since questions posed to the class can be “texted-in” through the app. All announcements and relevant information will be posted on TopHat (and Canvas).

To enroll in the class TopHat page:

- Go to www.tophat.com
- Log in to your existing Top Hat student account or use your school email to create a new account.
- Search for “Principles of Macroeconomics – Winter 2026”, Join Code: 636856
- Be sure to use your school email and correct ID number so we can accurately identify you!
- If you click “Next” enough, the price should only be **\$25 for a 4-month subscription.**

Textbook:

E-Textbook: *Introduction to Macroeconomics (Free this term on TopHat!)*

Optional Textbook: *Macroeconomics: Principles and Applications*, 6th Ed., Hall & Lieberman

Weekly Guide

Monday/Wednesday Lectures

Attend the Lectures. Take notes during lecture and participate in real-time TopHat questions. Ask questions during the lecture if you have them. After lecture, make sure any difficult topics are revisited, looking over problem set questions or reading the textbook.

Discussion Sections: Exploring the role of AI in Economics Education

Weekly Activities: There will be 5 activities throughout the term, and they will take place in discussion sections in weeks 2, 3, 6, 8, and 10. The activities will allow you to connect with peers and see the material from a new perspective. In most weeks, AI platforms will be used in many of the activities and the goal will be for all of us to collectively better understand AI usage in economics.

You and your group should expect to complete and turn in the assigned activity by the end of each discussion section meeting. *Your top 3 (of 5) activities will count for 15% towards your total grade.*

Lecture Quizzes

On most Wednesdays, I will release a “Lecture Quiz”. It will be due before the next lecture on Monday (except on weeks of holidays). Make sure you feel good about all the questions before you start answering them as you only get one chance to answer the questions. You will need to get 40 to 50 questions correct throughout the term for full credit on this portion of the course, which will count for 10% towards your final grade.

Review Sessions

Each week, **the lengthy, difficult word problems** that are not discussed in discussion section will be reviewed in a separate set of session. These sessions are not mandatory but will help set you apart when it comes to understanding the material.

The sessions will take place on:

Grading

Exams: 1 Midterm, 1 Final = 70% of the total grade

Midterm Exam in-person on Monday, February 2nd = 30% of total grade

Cumulative Final Exam in-person on Wednesday, March 18th from 9am to 11am = 40% of total grade

In order to get a passing grade in the course, you must take the final.

If a documented emergency arises on the day of the final, you will receive an Incomplete for the course.

Lecture Quizzes: 10% of the total grade

Starting after lecture on Wednesday of week 1, you will be given a 7 to 10-question quiz that is based on lecture material from the previous week. Because the questions will be derived from lecture, attending lecture is the most efficient way to do well on the quizzes. In total, there will be 9 quizzes, and they will be released on Wednesday due before the next lecture.

To get full credit on quizzes there are two options you can take.

1. Answer more than 50% of the in-class questions and each correct answer on a quiz will count for 0.25% of the total grade, up to 10%.
2. Answer less than 50% of the in-class questions and each correct answer on a quiz will count for 0.2% of the total grade, up to 10%.

This means, by the end of the term, if you have:

Answer more than 50% of the in-class questions and you answer	Answer less than 50% of the in-class questions and you answer	Your lecture quiz score will be
Greater than 40 lecture quiz questions correctly	Greater than 50 lecture quiz questions correctly	Full credit (10% out of 10%)
30 lecture quiz questions correctly	37.5 lecture quiz questions correctly	75% credit (7.5% out of 10%)
20 lecture quiz questions correctly	25 lecture quiz questions correctly	50% credit (5% out of 10%)
10 lecture quiz questions correctly	12.5 lecture quiz questions correctly	25% credit (2.5% out of 10%)

Discussion Section Activities: 15%

There are 5 discussion activities throughout the term and the 3 highest scores will each count for 5% of the total grade. Detailed information about the activities is posted on TopHat and Canvas.

Participation: 5%

In most cases (99%), you do not need to do anything to get these points. **In-class TopHat questions DO NOT influence your participation score**, but be respectful of the course and your peers, particularly when answering questions in class as participation points can be deducted. Avoid administrative questions that I have covered in-depth or can be figured out by looking at the syllabus. **Requesting special assignments, grade bumps or extra credit opportunities that would only boost your grade can result in lost participation points. No late assignments are accepted...please do not ask! Any requests for special considerations can result in a reduction in participation points!**

Grade Calculation and Distribution

Example Grade Calculation:

Component Score:

Quiz Points = 55 → 100% on Quizzes
Discussion Activities = 5 → 100% on Activities
Participation = Full Credit
Midterm Exam Score = 78%
Final Exam Score = 72%

Percentage Grade:

100% quiz points x 10% weight +
100% activity points x 15% weight +
100% participation x 5% weight +
78% midterm exam x 30% weight +
72% final exam score x 40% weight
= 82.2%

Because the grade in this course is used to determine your eligibility in the major, the department has instituted a Grading Guideline that recommends the following distribution:

A: 20%, B: 35%, C+: 10%, C: 20%

The course grading and difficulty is set up to adhere to these guidelines. However, it is possible that a higher than anticipated fraction of students perform above expectations. Therefore, the minimum grade you will receive will follow a standard grading scale.

A: 93-100%	B+: 88-89%	C+: 78-79%	D+: 68-69%	F: <60%
A-: 90-93%	B: 83-88%	C: 73-78%	D: 63-68%	
	B-: 80-83%	C-: 70-73%	D-: 60-63%	

Unless there is an administrative mistake (for example, an incorrect grade is posted), grades are final.

Tips for Success

I sincerely want everyone to succeed, but before contacting me about your performance in the course, ask yourself a few questions.

Have you read the syllabus and understand the components of the course?

Are you reading and processing all of the course announcements?

Do you attend lecture every day?

Are you engaged in lecture?

Do you go to discussion section?

Do you spend some time after each lecture reviewing the material and going through relevant problems?

Are you able to teach the material or problems to someone else?

If you do not answer *yes*, to any of these questions, change your behavior so that you can answer *yes* and you will see your performance improve.

Conversely, also ask yourself:

Do you spend an excessive amount of time studying for an exam in the days leading up to the exam in order to make-up for not studying earlier?

When studying with others, do you find yourself sitting quietly while others explain material to you?

Do you find yourself often having an excuse for why you haven't studied?

If you do not answer *no*, to any of these questions, change your behavior so that you can answer *no* and you will see your performance improve.

Cheating

Don't cheat. Students caught **CHEATING** on an exam will be given a failing grade for the course. See <https://studentconduct.sa.ucsb.edu> for more information on what constitutes cheating. Also, **do not post class material online**. I will provide all relevant information to you (and future classes).

Tentative Course Schedule

Week 1: Reviewing Supply and Demand with Housing (Chapters 1, 2.0 – 2.5)

Discussion Section: Practice Questions #1

Lecture Quiz 1 released on Wednesday January 7th, Due Monday January 12th

Week 2: Introduction to Macroeconomics, GDP (Chapters 3.0, 3.1)

Discussion Section: Section Activity #1 due by the end of section

Lecture Quiz 2 released on Wednesday January 14th, Due Wednesday January 21st (no class Jan. 19th)

Week 3: CPI (Chapter 3.2)

Discussion Section Activity #2 due by the end of section

Lecture Quiz 3 Released on Wednesday January 21st, Due Monday January 26^h

Week 4: CPI and Unemployment (Chapters 3.2, 3.3)

Discussion Section Practice Questions #2

Lecture Quiz 4 Released on Wednesday January 28th, Due Monday February 2nd

Week 5: Midterm Exam (Chapters 1, 2, 3) and Short-Run Macroeconomics (Chapters 4.0, 4.1)

Midterm Exam 1 on Monday, February 2nd

Discussion Section: Review Midterm

Week 6: Consumption Function and Short-Run Equilibrium (Chapters 4.1, 4.2, 4.3)

Discussion Section Activity #3 due by the end of section

Lecture Quiz 5 released on Wednesday February 11th, Due Wednesday February 18th (no class Feb. 16th)

Week 7: Fiscal Policy, Tax Multiplier (Chapters 4.3, 5.1)

Discussion Section Practice Questions #3

Lecture Quiz 6 Released Wednesday February 18th, Due Monday February 23rd

Week 8: Deficits, Debts, and Money (Chapters 5.1, 5.2, 6.1)

Discussion Section Activity #4 due by the end of section

Lecture Quiz 7 Released Wednesday February 25th, Due March 2nd

Week 9: Monetary Policy (Chapters 6.1, 6.2, 6.3)

Discussion Section Practice Questions #4

Lecture Quiz #8 Released Wednesday March 4th, Due March 9th

Week 10: Aggregate Demand, Aggregate Supply (Chapters 7.1, 7.2, 7.3, 7.4)

Discussion Section Activity #5 due by the end of section

Lecture Quiz #9 Released Wednesday March 11th, Due on Final Exam Day, March 18th at 9am

Final Exam on Wednesday, March 18th at 9am

Textbook Note: I have taught this class for over 15 years and eight years ago, I introduced a textbook developed specifically for this course. The book received a lot of great feedback over the last few years, but the nature of the book is such that is changing every term based on student feedback. I plan to spend the next few quarters updating the book (this will be partially determined by what the Federal Reserve does in 2026) and welcome all comments and suggestions to keep the book as relevant as possible.