

Economics 156, Unemployment, Inflation, and Wealth

Fall 2026

Bates College

Paul Shea

Class Times: Monday and Wednesday, 9:30-10:50 AM and 2:40-4:00 PM. Fridays are set aside to make up any missed classes and for review session prior to exams.

Both sections of the class will be on approximately the same schedule. Please typically attend the section that you are registered for. If occasional scheduling conflicts emerge, however, you may attend the alternate section. Students must sit for exams in their assigned section unless they receive permission to take it in the alternate section.

E-mail: pshea@bates.edu

Office Hours: TBA.

Office: 278 Pettengill.

Course Website: www.paulshea.com. This site includes lecture notes, class announcements, readings, and assignments. I will use Lyceum only to post grades.

Course Description: This is an introductory economics course with an emphasis on current macroeconomic topics. The first part of the class introduces students to the discipline and discusses core microeconomics concepts such as supply and demand, market structure, and market failures. The class then discusses the usefulness and measurement of macroeconomic variables such as unemployment, inflation, and aggregate output. We then examine a key question in macroeconomics: what causes the business cycle and how can policymakers either mitigate economic downturns or prevent them. Students will learn the basics of how Central Banks conduct monetary policy and how fiscal policy (*e.g.* taxation and government spending) affect the economy. Finally, the course will discuss financial markets and how they interact with the broader economy.

Students should be able to use the material and methods of the class to better understand current economic issues. Most Mondays (excluding exam days), we will take some time to discuss the economics behind some current event. Likely examples for the Fall 2026 include the impact of high oil prices, tariffs, and the role of AI in the labor market. Other topic will inevitably arise. This may entail covering background material out of order.

I will judge my success in teaching this course by whether students meet the following objectives:

1. Students will have a solid understanding of the relationships among microeconomics, macroeconomics, theoretical economics, and empirical economics.
2. Students will have a strong introduction to economic methodology and an understanding of how the discipline is currently practiced.
3. Students will understand foundational microeconomic topics including supply and demand.
4. Students will acquire a basic understanding of the determinates of short and long-term macroeconomic performance.
5. Students will develop their skills in collecting, manipulating, and interpreting economic data.
6. Students will learn to use the metaphor “that dog won’t hunt” in proper context.

Who is this class for?

All Bates Economics courses in the 100s are introductory courses that presume no prior background in economics. Each covers a common set of topics (*e.g.* supply and demand) while offering extensions into a particular area of economics. If you have taken another 100 level Economics course, be aware that there will be a few weeks of overlap.

The following students might want to take this class

i. Any student with minimal exposure to Economics who wants to learn more. This includes all students who have never taken an economics course and most who have taken a single high school economics class.

ii. A student trying to decide whether they want to major in Economics.

iii. A student wanting an introductory level treatment of macroeconomics before taking a more advanced course.

The following students should generally not take this class.

i. Experienced economics majors. Under no circumstances should a student who has passed ECO 270 take this class.

ii. Students who have already taken a different, macro-themed 100-level Economics class at Bates. There will be too much overlap.

iii. A student who has already won the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.

Prerequisites: There are no course pre-requisites. Competence at simple algebra is recommended.

Textbook: Taylor, Timothy, Greenlaw, Stephen, and David Shapiro. 2017. *Principles of Macroeconomics-3e*. OpenStax.

This is a free, open source textbook. It is about 95% as good as similar textbooks that sell for about \$300. I do not plan on following this textbook particularly closely. I will use my own class notes and I will provide them to you on the course website.

Supplemental Materials: I will post my class notes on the class website. In addition, I will post practice problems and answer keys for each topic that we cover in class.

Assignments: Your grade consists of the following:

- i) In class exams on Monday, October 6, and Monday, November 10. Each counts for 25% of your grade.
- ii) A final exam on Monday, December 14 from 3:45-5:45 PM. This is worth 30% of your grade.
- iii) Periodic homework assignments. These will be lightly graded. Collectively, they account for 20% of your grade. The lowest scoring homework assignment (including those not submitted) will be dropped.

For each exam, students may prepare a 5 page outline (with normal formatting: 1 inch margins, minimum 11 pt font, etc) for use during the exam. You will not need a calculator.

Grading: Each student will have a raw score consisting of the sum of their scores on each assignment multiplied by the weights described above. The following describes the *minimum* grade that you will receive in the course.

If you finish in the top	or have a raw score above	you will get at least
10%	92%	A
23%	89%	A-
36%	86%	B+
50%	82%	B
65%	79%	B-
74%	75%	C+
82%	71%	C
90%	66%	C-

Note that these are lower bounds. At my discretion, the final grade distribution may be more generous. The raw score minimums, for example, are unlikely to bind.

Attendance and Zoom: There is no attendance policy and students need not notify me of absences, excluding on exam days. This class is in-person. Students may not attend via zoom nor will class be recorded.

Students with Learning Disabilities: Students may receive accommodations through the Office of Accessible Education. The student is responsible for making these arrangements. You need not notify me:

- i. If you qualify for an accommodation, you should reach out to the Office of Accessible Education early in the semester.
- ii. Only the Office of Accessible Education may authorize an accommodation. I am not qualified to do so and will not do so.
- iii. If you qualify for an accommodation during exams (*e.g.* extra time), it is your responsibility to make arrangements to take the exam at the Office of Accessible Education. **If you show up to the classroom expecting extra time, you will not get it.**

Students may not take an exam early. Note that I will not supply the Office of Accessible Education with the exam until just before its scheduled time. Even if they allow you to schedule it early, you will not be able to take it. If a student misses an exam due to excused and unexpected circumstances, I will use my discretion to offer a makeup assignment or roll the weight of the missed exam into the other pending elements of the course.

Because the lowest scoring homework assignment will be dropped, late homework assignments will not generally be accepted.

Academic Dishonesty: Each homework assignment will include instructions on academic misconduct as well as the use of AI. If a student is found to violate this policy, I may both impose a

penalty to the students overall course grade (which will not be erased by dropping the lowest homework score) and refer the case to the Bates Student Conduct Committee.

During exams, students must independently answer each question without any assistance from any other person, AI, or the use of the internet. The only outside resource that you may use is your outline. Details on the outline will be provided prior to each exam.

A Very General Outline, Subject to Change:

Note: In addition, on most Mondays, we will discuss the Economics behind an ongoing current event.

I. Introduction to Economics: Scarcity and Trade-offs.

II. Supply and Demand.

III. Market Failures.

IV. Trade and Tariffs.

V. Macroeconomic Variables and Concepts.

VI. The Federal Reserve, Money, and Inflation.

VII. The Labor Market and Unemployment.

VIII. Aggregate Output and Inflation.

IX. What Caused Recessions and What Can Be Done About Them?

X. Taxes and Government Spending

XI. Financial Markets.