



COURSE OUTLINE FALL 2008

<u>ECO 111</u> Course Number	<u>Macroeconomics</u> Course Title
<u>Division of Business & Technology</u> Division	<u>15 Weeks</u> Length of Semester
<u>3</u> Credits	<u>3/0</u> Lecture/Laboratory Hours

Catalog Description:

Analysis of the determinants of aggregate income, output, employment and price level under various market conditions. Includes national income and product account, consumption and investment theory, government stabilization via fiscal and monetary policy, macroeconomic impact of international trade and finance, and inflation-unemployment trade-off controversies.

Prerequisites: MAT 141 or approved higher-level mathematics
ENG101 or division permission

Corequisite: None

Required Text:

Title: Economics
Author: McConnell and Bruce
Publisher: McGraw - Hill
Edition: 17th Edition

Supplementary Text:

Title: Study Guide to Accompany McConnell Economics
Author: Walstad & Bingham
Publisher: McGraw – Hill
Edition: 17th Edition

Last Revised: 08/07

Course Coordinator Professor Framarz Khoushab

Course Goals

The aim is to equip students with an economic “tool kit” consisting of current macroeconomics theory for analyzing and explaining aggregate economic issues such as unemployment and inflation.

Upon completion of the course, the student will be able to:

- apply the theoretical model developed in lecture and problem solving techniques to understand real world phenomena.
- explain the role of fiscal and monetary policy.
- explain how the following aggregate economic variables are defined and measures, inflation GDP, unemployment and labor force.
- explain how the federal reserve conducts monetary policy.
- explain the main sources of economic growth and discuss the cost and benefit of economic growth.

Course-specific Goals and Objectives:

Unit 1: Introduction to Basic Economic Problems

- Scarcity and Production Possibility Model
- Macroeconomics and Microeconomics
- Supply and Demand
- Economic Systems
- Markets and the Individual Hand Doctrine

Learning Objectives:

1. to analyze the basic measures of the value of final output of goods and services on a yearly basis,
2. study the problems of inflation and unemployment as they relate to the business cycle,
3. gain an overview of macroeconomic theory.

Specific Objectives:

The student will be able to:

- explain opportunity cost.
- define economics and distinguish between microeconomics and macroeconomics.
- distinguish between quantity demand and what determines demand.
- distinguish between quantity supplied and supply and what determines supply.
- explain how supply and demand determine equilibrium price and quantity.
- explain the concepts of surplus and shortages.
- demonstrate a graphical illustration of supply and demand and equilibrium price and quantity.

Unit 2: Measuring Economic Activity

- Measurements of Gross Domestic Product (GDP)
- Measurement of Unemployment
- Inflation

Learning Objectives:

The student will be able to;

- calculate:
 - GDP
 - NDP
 - NI
 - PI
 - DI
- apply the method of adjusting a given year's GDP for price changes.
- explain the business cycle and its phases.
- explain unemployment and its types.
- explain inflation its types and impact.

Unit 3: Theory of output, employment and income and the impact of fiscal policy

- Income-Consumption Relationship
- Aggregate Expenditure Models
- Aggregate Demand (AD), and Aggregate Supply (AS)
- Fiscal Policy

Learning Objectives:

The student will be able to:

- explain, illustrate and analyze “modern employment theory” in a “private domestic economy”.
- examine the impact of government spending and taxes on income and employment
- explain that change.
- explain the influence of change in consumer or investment spending on equilibrium income and output.
- use mathematical approach to calculating.
- equilibrium level of income and output.
- distinguish between discretionary fiscal policy and non-discretionary fiscal policy.
- the concept of budget multiplier.
- aggregate supply (AS).

Unit 4: The Monetary System and the Creation of Money

- Money And Its Function
- How Banks And Thrifts Create Money
- Federal Reserve And Monetary Policy

Learning Objectives:

The student will be able to:

- explain the institutional framework of the US commercial banking system.
- explain the structure and functions of the Federal Reserve System.
- mathematically illustrate the concept of a deposit expansion multiplier.
- by using the concept of the deposit-expansion multiplier mathematically demonstrating why the commercial banking system as a whole will act in the same fashion as a monopoly bank.

- explain the monetary approach to economic equilibrium with particular attention given to the role at the income velocity of money.

Unit 5: Problems and Controversies in Macroeconomics

- Inflation-Unemployment Relationship (Phillips Curve)
- Accounting for Growth
- The Productivity Acceleration, New Economy
- Public Debt
- Dispute Over Macroeconomic Theory

Learning Objective:

The student will be able to:

- explain the difference between Keynesian and Monetarist approaches to economic stability
- explain the following aspects of the public debt:
 - the dimension of the debt
 - myths surrounding the public debt
 - real burden of the debt
- explain stagflation, Phillips curve, the accelerations view, rational expectations, hypothesis and supply side economics.

Evaluation Procedure:

Test No. 1	Unit 1	25%
Test No. 2	Unit 2	25%
Test No. 3	Unit 3	25%
Test No. 4	Unit 4	25%

GRADING

Letter Grade	Nominal %
A	93-100
A-	90-92
B+	87-89
B	83-86
B-	80-82
C+	77-79
C	70-76
D	60-69
F	0-59

Academic Integrity Statement:

“A student who knowingly represents work of others as his/her own, uses or obtains unauthorized assistance in the execution of any academic work, or gives fraudulent assistance to another student is guilty of cheating. Violators will be penalized.” (Student Handbook)

Classroom Conduct Statement:

It is the student's responsibility to attend all of their classes. If they miss a class meeting for any reason, students are responsible for all content that is covered, for announcements made in their absence, and for acquiring any materials that have been distributed in class. If students walk into a class after it has begun, it is expected that they choose a seat close to where they entered the room so that they do not disrupt the class meeting.

Students are expected to follow ordinary rules of courtesy during class sessions. Engaging in private, side conversations during class time is distracting to other students and to the instructor. Leaving class early without having informed the instructor prior to class is not appropriate. Unless there is an emergency, leaving class and returning while the class is in session is not acceptable behavior. Disruptive behavior of any type, including sharpening pencils during class while someone is speaking, is not appropriate.

The college welcomes all students into an environment that creates a sense of community of pride and respect; we are all here to work cooperatively and to learn together.

Any student who has special needs because of a disability is entitled to receive accommodations. Eligible students at Mercer County Community College are assured services under the Americans with Disabilities Act and Section 504 of the Rehabilitation Act of 1973.

If you believe you are eligible for services, please contact Arlene Stinson, the Director of Academic Support Services. Ms. Stinson's office is LB221, and she can be reached at (609) 570-3525.

James Kerney Campus students may contact Assistant Dean Donald Jones in KC216 or at (609) 570-3147.