

CUYAMACA COLLEGE
COURSE OUTLINE OF RECORD

ECONOMICS 120 – PRINCIPLES OF MACROECONOMICS

3 hours lecture, 3 units

Catalog Description

Introductory course focusing on aggregate economic analysis. Topics include: market systems; economic cycles including recession, unemployment and inflation; national income accounts; macroeconomic equilibrium; money and financial institutions; monetary and fiscal policy; and international trade and finance. Includes some use of graphs and elementary algebra.

Prerequisite

Appropriate Mathematics placement.

Entrance Skills

Without the following skills, competencies and/or knowledge, students entering this course will be highly unlikely to succeed:

- 1) Work with, understand, and use algebraic terminology.
- 2) Write the equation of a line given a graph, two points, or a point and a slope.
- 3) Graph the equation of a line and a quadratic.
- 4) Solve equations and inequalities using the basic operations on complex numbers and statements including absolute value.
- 5) Translate sigma notation and write out sum of terms.
- 6) Recognize an arithmetic sequence.
- 7) Recognize a geometric sequence.
- 8) Simplify radical expressions using the basic operations.
- 9) Simplify and evaluate expressions involving integer exponents and rational exponents.
- 10) Use scientific notation.

Course Content

- 1) Fundamentals of economic thinking
- 2) How markets operate
- 3) Measuring the economy
- 4) Macroeconomic equilibrium
- 5) Fiscal and monetary policy
- 6) Economic growth
- 7) International trade and finance

Course Objectives

Students will be able to:

- 1) Using basic economic principles, identify the consequences of scarcity and explain how changes in opportunity cost affect behavior.
- 2) Using the model of supply and demand, describe how the interaction of supply and demand in a market determines market price and quantity, illustrate how markets react to excess demand and supply, and illustrate how price floors, price ceilings and taxes affect market outcomes.
- 3) Using government data, compute the measures of aggregate economic activity: domestic product, national income, unemployment and inflation; apply these measures of economic activity to the behavior of the business cycle; explain the difference between nominal and real measures of the economy.

- 4) Using the aggregate supply and demand model, distinguish between long run and short run equilibrium in the macroeconomy; explain how the macroeconomy reaches equilibrium and how it moves from equilibrium to equilibrium; identify the factors that can change the price level, Real GDP and the unemployment rate.
- 5) Utilize the Classical, Keynesian, Monetarist and Supply-side approaches to model the economy's movement to full employment.
- 6) Utilize the Keynesian model to explain how and under what conditions the multiplier works, and identify the difference between expansionary and contractionary fiscal policy.
- 7) Identify the differences between demand-side and supply-side fiscal policy, and provide examples of how each might be used to shape national fiscal policy.
- 8) Using materials provided in class/textbook, explain what money is, how it is created, and its role in determining macroeconomic equilibrium; explain the Federal Reserve System's role in determining macroeconomic equilibrium; explain the difference between the activist and non-activist approach as it applies to monetary policy and the impact of expectations and lags in the implementation of monetary policy.
- 9) Using various growth models presented in class, discuss the causes of economic growth and identify policies to promote economic growth.
- 10) Using opportunity cost data, explain comparative advantage and how it affects trade.
- 11) Using economic principles developed in class/textbook, explain how international trade transactions work and explain how and why nations restrict trade.

Method of Evaluation

A grading system will be established by the instructor and implemented uniformly. Grades will be based on demonstrated proficiency in subject matter determined by multiple measurements for evaluation, one of which must be essay exams, skills demonstration or, where appropriate, the symbol system.

- 1) Graphing exercises that measure students' ability to use the fundamental principles of economics to illustrate how the economy responds to changes in real world conditions. For example, students will use production possibilities curves to illustrate scarcity, opportunity cost and economic growth; use in supply and demand curves to determine market prices; use aggregate supply and aggregate demand curves to determine macroeconomic equilibrium; or use Phillips Curves to illustrate the tradeoff between inflation and unemployment.
- 2) Homework assignments using mathematical functions introduced in class to calculate various economic variables. For example, students will calculate real GDP or the potential expansion of the money supply.
- 3) Objective and essay exams and quizzes that measure students' ability to apply economic principles discussed in class. For example, students will identify the consequences of scarcity, explain how changes in opportunity cost affect behavior, understand the interaction of supply and demand in a market, or explain the basis for international trade.
- 4) Short papers that demonstrate students' ability to compare and contrast Classical, Keynesian, Monetarist and Supply-side approaches to moving the economy to full employment. For example, students will use business magazines to research various legislative proposals to improve the performance of the macroeconomy.

Special Materials Required of Student

None

Minimum Instructional Facilities

Smart classroom

Method of Instruction

- 1) Lecture and discussion
- 2) Preview of assignments, review of completed assignments
- 3) Problems for discussion and response

Out-of-Class Assignments

- 1) Short papers that demonstrate students' ability to compare and contrast Classical, Keynesian, Monetarist and Supply-side approaches to moving the economy to full employment. For example, students will use business magazines to research various legislative proposals to improve the performance of the macroeconomy.
- 2) Homework assignments using mathematical functions introduced in class to calculate various economic variables. For example, students will calculate real GDP or the potential expansion of the money supply.

Texts and References

- 1) Required (representative example): R. Glen Hubbard and Anthony P. O'Brien. *Macroeconomics*. 7th edition. Pearson, 2018.
- 2) Supplemental: None

Exit Skills

Students having successfully completed this course exit with the following skills, competencies, and/or knowledge:

- 1) Use basic economic principles to identify the consequences of scarcity, and explain how changes in opportunity cost affect behavior.
- 2) Use supply and demand to describe how the market determines market price and quantity, illustrate how markets react to changes in demand and supply, and illustrate how price floors, price ceilings and taxes affect market outcomes.
- 3) Compute the measures of aggregate economic activity: domestic product, national income, unemployment, and inflation; apply these measures of economic activity to the behavior of the business cycle; and explain the difference between nominal and real measures of the economy.
- 4) Use aggregate supply and demand curves to explain how the macroeconomy reaches equilibrium and how it moves from equilibrium to equilibrium, and identify the factors that can change the price level, Real GDP and the unemployment rate.
- 5) Distinguish between the Classical, Keynesian, Monetarist and Supply-side approaches to model the economy's movement to full employment.
- 6) Utilize the Keynesian model to explain how and under what conditions the multiplier works, and identify the difference between expansionary and contractionary fiscal policy.
- 7) Identify the differences between demand-side and supply-side fiscal policy, and provide examples of how each might be used to shape national fiscal policy.
- 8) Explain what money is, how it is created, and its role in determining macroeconomic equilibrium; explain the Federal Reserve System's role in determining macroeconomic equilibrium; and explain the difference between the activist and non-activist approach as it applies to monetary policy and the impact of expectations and lags in the implementation of monetary policy.
- 9) Discuss the causes of economic growth and identify policies to promote economic growth.
- 10) Explain comparative advantage and how it affects trade.
- 11) Explain how international trade transactions work, and explain how and why nations restrict trade.

Student Learning Outcomes

Upon successful completion of this course, students will be able to:

- 1) Use the framework of supply, demand, consumers' surplus, or producers' surplus to show how changes in economic variables affect market outcomes.
- 2) Recognize and apply economic theory in everyday life.
- 3) Gather real world data and identify the relationships between macroeconomic datum, such as the annual GDP growth rate, unemployment rate, and rate of inflation.
- 4) Identify and explain the reasoning behind theoretically appropriate monetary and fiscal policies for the two phases of the business cycle.