

San Bernardino Valley College
Board of Trustees: 06/20/2019
Curriculum Approval: 05/13/2019
TOP Code: 2204.00 - Economics
Chancellors Office Approval: 11/08/2019
C-ID: ECON 202
Effective Date: Fall 2020
Course Identification Number: CCC000434578



I. CATALOG DESCRIPTION:

A. Department Information:

Division: Social Sciences, Human Development & Physical Education

Department: Economics

Course ID: ECON 200

Course Title: Principles of Macroeconomics

Units: 3

Lecture: 3 contact hour(s) per week
48 - 54 contact hours per semester

Expected
Outside of 6 hour(s) per week
Class Hours:

Departmental Advisory:

Eligibility for ENGL 101 or ENGL 101H as determined by SBVC assessment process.

MATH 095 or
MATH 096

B. Catalog Description:

This course provides an introduction to macroeconomic theory and the role of fiscal and monetary policies in economics with special emphasis on national economic problems, aggregate measures of economic activity, macroeconomic equilibrium, financial institutions, economic growth, the business cycle and international economics.

C. Schedule Description:

This course provides an introduction to macroeconomic theory and the role of fiscal and monetary policies in economics with special emphasis on national economic problems, aggregate measures of economic activity, macroeconomic equilibrium, financial institutions, economic growth, the business cycle and international economics.

II. NUMBER OF TIMES COURSE MAY BE TAKEN FOR CREDIT: 1

III. STUDENT LEARNING OUTCOMES:

- A. Students will be able to critically evaluate current macroeconomic policy measures related to federal tax or government spending policy and trace through the implications

of the policy in terms of the predicted impacts on Gross Domestic Product, the federal budget, national employment, and overall inflation (using standard tools of aggregate and aggregate supply analysis).

- B. Students will demonstrate the ability to find recent moves by the U.S. Federal Reserve Bank, Open Market Committee, and state whether those actions are designed to change the money supply.

IV. COURSE OBJECTIVES FOR STUDENTS:

Upon successful completion of the course the student should be able to:

- A. Identify and demonstrate a knowledge of the nature and scope of economics, including the definition of "scarcity" and its consequences
- B. Interpret and develop economic graphs, including production possibilities, supply shifters and demand shifters as they relate to concepts of efficiency and equilibrium in the market economy
- C. Identify and apply the necessary elements of a "market system" and compare them to other systems of economic organization, referencing ideas as diverse as Federick Von Hayek and Joseph Stiglitz
- D. Analyze and interpret various economic models, such as production possibilities frontiers, supply and demand, aggregate supply (AS) and aggregate demand (AD)
- E. Demonstrate and apply concept of equilibrium level of real Gross Domestic Product (GDP) by applying aggregate supply/demand concepts and evaluate the various policies that can be applied to achieve desirable equilibrium levels, including fiscal policy evaluation in the traditional Keynesian-cross, graphical expenditure model (complete with government spending, tax and international trade components)
- F. Calculate and measure macroeconomic variables such as Gross Domestic Product (GDP), real GDP, national income, unemployment, and inflation
- G. Distinguish various causes of unemployment and inflation, and predict the probable winners and losers from unemployment and inflation
- H. Illustrate and explain the components of the money supply, how banks create money, and how the Federal Reserve controls the money-creating powers of banks
- I. Identify and describe the tools of "fiscal policy" and "monetary policy" and apply them to various economic situations such as unemployment and inflation to evaluate policy effectiveness in terms of reaching the (sometimes conflicting) goals of macroeconomic management of the economy
- J. Recognize and predict the likely short-run and long-run consequences (such as moral hazard) of a given fiscal and/or monetary policy action and assess the significance of new institutional tools of macroeconomic coordination such as the Term Auction Facility and the Asset-Backed Securities Loan Facility
- K. Demonstrate a knowledge of the nature and scope of international trade (gains from trade and comparative advantage) and international finance as these areas apply to the analysis all of the topics above

V. COURSE CONTENT:

- A. Basic economic concepts: scarcity and its consequences
 1. Opportunity cost
 2. Production possibilities frontier
 3. Comparative economic systems for achieving social efficiency and distributional equity
- B. Basic operation of a market system: supply and demand, competition, and the functions of price
 1. The market system and its alternatives
 2. Determinants of supply and demand
 3. Change in demand versus change in quantity demanded

4. Change in supply versus change in quantity supplied
5. Equilibrium, shortages, and surpluses
6. Price controls
- C. Basic macroeconomic concepts: GDP, Circular Flow, and AS/AD
 1. Different approaches to measuring GDP
 2. Computations and implication of real GDP
 3. Real balances effect, interest rate effect and international trade effect
 4. Factors influencing AD and AS
 5. Business cycles
- D. Analysis of unemployment, inflation, and policy trade-offs
 1. Consumer price index and other price indices
 2. Computation of unemployment rate and inflation rate
 3. Reasons for unemployment and types of unemployment
 4. Definition of full employment
- E. Demand-side (Keynesian) and supply-side macroeconomics
 1. The classical view
 2. The self-regulating economy
 3. Keynesian criticisms of the self-regulating economy
 4. The Keynesian income-expenditure model with government and foreign trade sectors
 - a. Multiplier analysis for all sectors
 - b. Balanced budget multiplier analysis
 5. Supply-side economics
 6. Productivity and sources of economic growth
- F. Money and banking: The Federal Reserve System
 1. Money: definition, functions, and origins
 2. Measuring the money supply
 3. Banks and the money creation process
 - a. Money/reserve multiplier analysis
 - b. Federal Deposit Insurance Corporation and Term Auction Facility function
 4. The structure and functions of the Federal Reserve System
- G. Fiscal and monetary policies and tools
 1. The federal budget
 2. Okun's Law
 3. Budget deficits and surpluses
 4. Demand-side and supply-side fiscal policy aimed at stabilizing the economy and promoting economic growth
 5. Strengths and weaknesses of the use of fiscal policy
 6. Monetary policy tools of the Federal Reserve
 7. Transmission mechanisms
 8. Globalization, international trade and finance considerations
 9. Internal versus external debt and the impact of national debt burden
- H. Develop graphs for analyzing short run and long run consequences of given fiscal and monetary policies with reference to:
 1. Production possibilities frontier
 2. Supply and demand curves
 3. Stock markets and government bond markets
 4. Aggregate demand and aggregate supply
 5. Keynesian income-expenditure model
 6. The Laffer Curve
 7. Money-market supply and demand
 8. The Philips Curve relationship
 9. International trade and currency markets

VI. METHODS OF INSTRUCTION (May include any, but do not require all, of the following):

- A. Lecture
- B. Distance Education
- C. Class and/or small group discussion
- D. Use of films, videotapes, or other media
- E. Use of written materials: texts, journals, etc.
- F. Classroom demonstrations
- G. Instructor generated handouts

VII. TYPICAL OUT-OF-CLASS ASSIGNMENTS:

- A. Reading assignments are required and may include (but are not limited to) the following:

Select one article from a current publication that illustrates or relates to our study of supply and demand. Underline or highlight the main points of the article. Bring the original or a copy to our next class meeting. Prepare a five-minute oral presentation to discuss why you selected that particular article. The articles will be collected and graded.

- B. Writing assignments are required and may include (but are not limited to) the following:

Submit a three-page typed essay in which you compare and contrast the Keynesian and Classical views of the self-regulating economy. In particular, be sure to indicate which view advocates for fine tuning and sizable government intervention as opposed to a more "hands-off" the market and rules-based approach to macroeconomic policy.

- C. Critical thinking assignments are required and may include (but are not limited to) the following:

Identify the dynamics of how a change in government taxes affects spending in the private sector and subsequently, employment and production. On a one-page presentation, illustrate these changes graphically using aggregate demand and aggregate supply curves. Evaluate the impact of this policy on the variables of the macroeconomy (output, employment, interest rates and prices) in the short run versus the long run.

VIII. METHODS OF EVALUATION

- A. Class participation
- B. Examinations
- C. Homework
- D. Presentations (oral or visual)
- E. Projects
- F. Written papers or reports
- G. Quizzes

IX. TYPICAL TEXT(S):

- A. Arnold, Roger. Macroeconomics. 13th ed. Cengage Learning, 2019.
- B. Frank, Robert H.; Bernanke, B. and Johnston, Louis D. Economics. 7th ed. McGraw-Hill, 2018.
- C. McConnell, Campbell R., Brue, Stanley L., and Flynn, Sean Masaki. Macroeconomics: Principles, Problems, and Policies. 21st ed. McGraw-Hill, 2018.

X. OTHER SUPPLIES REQUIRED OF STUDENTS:

- A. Calculator