

BUTTE COLLEGE

COURSE OUTLINE

I. CATALOG DESCRIPTION

ECON 2 - Principles of Macroeconomics

3 Unit(s)

Prerequisite(s): MATH 108 or Math Level IV

Recommended Prep: NONE

Transfer Status: CSU/UC

51 hours Lecture

An introductory course focusing on aggregate economic analysis. Topics include: market systems, aggregate measures of economic activity, macroeconomic equilibrium, money and financial institutions, monetary and fiscal policy, international economics, and economic growth. (C-ID ECON 202).

II. OBJECTIVES

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

- A. Identify and interpret macroeconomic data.
- B. Apply macroeconomic models to understand the economy.
- C. Analyze the economic impacts of monetary and fiscal policy.
- D. Demonstrate an understanding of the function of the central bank and the banking system.

III. COURSE CONTENT

A. Unit Titles/Suggested Time Schedule

Lecture	
<u>Topics</u>	<u>Hours</u>
1. Fundamentals of economic thinking	4.00
2. How markets operate	2.00
3. Measuring the economy	9.00
a. National output and productivity	
b. Price level	
c. Business cycle	
d. Unemployment	
4. Modeling the business cycle	2.00
5. Monetary system	9.00
a. Money creation and banking	
b. Role and function of central banks	
c. Money demand and velocity	
d. Inflation	
6. The financial system	11.00
a. Saving	
b. Investment	
c. Role of interest rates	

7. The role of the government in the macro economy	11.00
a. Stabilization policy	
b. Deficit and debt	
c. Fiscal and monetary policy	
8. Economic growth and development	1.50
9. Balance of payments and trade	1.50
Total Hours	51.00

IV. METHODS OF INSTRUCTION

- A. Lecture
- B. Instructor Demonstrations
- C. Class Activities
- D. Homework: Students are required to complete two hours of outside-of-class homework for each hour of lecture
- E. Discussion
- F. Reading Assignments

V. METHODS OF EVALUATION

- A. Quizzes
- B. Homework
- C. Written Assignments
- D. Mid-term and final examinations
- E. Essays and research papers
- F. Class Discussion
- G. In-class assignments.

VI. EXAMPLES OF ASSIGNMENTS

- A. Reading Assignments
 1. Read the textbook chapter on Measuring the Aggregate Economy. Be able to describe GDP and identify the expenditure components of aggregate output. Learn how to distinguish between “net” and “gross” and between “national” and “domestic.” Explain how profit is the key to the equality between aggregate income and aggregate production.
 2. Read the textbook chapter on Monetary Policy to gain an understanding of the Federal Reserve System. Be able to explain how monetary policy works in the AS/AD model as well as describe how the Fed changes the supply of money through open market operations. In addition, understand the yield curve and explain how its shape reflects the limit of the Fed’s ability to control the economy.
- B. Writing Assignments
 1. Complete the assigned reading from the text and assigned articles and compose a 5-6 page college level essay which addresses the following: Explain the difference between the long-run framework and the short-run framework; Summarize relevant statistics about growth, business cycles, unemployment and inflation. Relate the target rate of unemployment to potential income.
 2. Complete the assigned reading from the text and assigned articles and compose a 5-6 page college level essay which addresses the following: Discuss the historical development of macroeconomics and explain the shape of the aggregate demand curve and what factors cause it to shift. Explain how dynamic feedback effects can destabilize the economy and discuss the limitations of the macro policy model.
- C. Out-of-Class Assignments
 1. Complete the assigned reading from the text, assigned articles and lecture notes and

- complete the Blackboard chapter quiz for the Production Possibility Model, Trade and Globalization.
2. Complete the assigned reading from the text, assigned articles and lecture notes and complete the Blackboard chapter quiz for The Multiplier Model.

VII. **RECOMMENDED MATERIALS OF INSTRUCTION**

Textbooks:

A. Colander, D. Macroeconomics. 9th Edition. McGraw-Hill, 2012.

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