

Master Syllabus

I. College/School: Raj Soin College of Business

Department of Economics

II. Course Information:

Course Title: Principles of Macroeconomics

Course Abbreviation and Number: EC 2050

Course Credit Hours: 3

Course Cross Listing(s):

Check ("x") all applicable:

General Education Course Writing Intensive Course Service

Learning Course Laboratory Course Ohio TAG Course

Ohio Transfer Module Course Others (specify)

(Honors)

III. Course Registration

Prerequisites: none

Co-requisites: none

Restrictions: none

Other:

IV. Student Learning Outcomes

The objective is to introduce students to the fundamentals of macroeconomics, and to demonstrate the importance of macroeconomic reasoning for understanding current economic issues.

Macroeconomics studies the economy as a whole. Unlike microeconomics, which takes the viewpoint of the individual person, household, firm, and industry, macroeconomics is concerned with the total level of output, investment and employment; business cycles; and overall growth of the economy. Some issues addressed by macroeconomics are: recessions; unemployment; financial crisis; inflation, and deflation. The main macroeconomic policies are: fiscal (dealing with government expenditures and taxation); monetary policy (pertaining to buying and selling bonds; interest rate; and the reserve requirements that banks have to hold); and international financial policy.

Macroeconomic policies and macroeconomic issues affect individuals. Individual decisions such as firms' decisions to purchase equipment and to hire or households' decisions on expenditures also affect macroeconomic conditions. It is important to understand that while micro- and macro-economic phenomena are related, they are conceptually different issues. An important insight that we will reiterate throughout the course is that what is true for the individual is not always true for the economy as a whole.

We will discuss current issues such as the *subprime crisis*. Students' ability to understand and think critically about current economic issues and the way they are presented in the media will grow with your advancement in the course.

The course also contributes to achievement of the Wright State Core outcomes from Element 5. In particular, students will be able to:

- a. Critically apply knowledge of social science theory and methods of inquiry to personal decisions, current issues, or global concerns.
- b. Explain and critique the methods of inquiry of social science disciplines
- c. Demonstrate an understanding of the ethical issues involved in the acquisition or application of social science knowledge
- d. Demonstrate, from a social science perspective, an understanding of the responsibilities of an informed and engaged citizen to the success of democratic society

V. Suggested Course Materials

Principles of Economics textbook to be chosen by the instructor. Examples include Macroeconomics by Hubbard and O'Brien, Principles of Macroeconomics by Frank and Bernanke, or Macroeconomics by Krugman and Wells.

VI. Suggested Method of Instruction

Lecture, Socratic questioning, in-class discussion.

VII. Suggested Evaluation and Policy

Some combination of exams, problem sets, and short writing assignments are typically used to evaluate student performance in principles of economics classes.

VIII. Suggested Grading Policy

The final course letter grade will be based on individual student performance on their assignments.

IX. Suggested List of Topics:

Week I

Introduction to Economics

First Principles

Economic Models: Trade-offs and Trade

Graphs in Economics

Week II

Supply and Demand

Price Ceilings & Floors
Efficiency
Comparative Advantage

Week III
Introduction to Macroeconomics
Business cycles
Long-run growth
Inflation & deflation
International imbalances

Week IV
Tracking the Macroeconomy
Circular flow
Gross Domestic Product & aggregate output
Price indices and the Price Level

Week V
Unemployment and Inflation
The unemployment rate
Types of unemployment
Job creation and destruction
Inflation & deflation

Week VI
Long-run Economic Growth
Comparing economies
Growth rates
Productivity
Why growth rates differ
Impact of government on growth

Week VII
Savings, Investment and the Financial System
Savings and Investment
The financial system
The market for loanable funds

Week VIII
The Income and Expenditure Model
Consumption
Investment
Income expenditure equilibrium
The multiplier

Week IX
Aggregate Demand and Supply

Aggregate Demand
Short-run Aggregate Supply
Long-run Aggregate Supply
Macroeconomic Policy

Week X
Fiscal Policy
The government budget
Fiscal policy and the multiplier
The budget balance and the business cycle
Long run implications deficits and debt

Week XI
Money, Banking and the Federal Reserve
What is money
The role of banks in determining money
The money supply
The Federal Reserve System

Week XII
Monetary Policy
The demand for money
Money and interest rates
Monetary policy and aggregate demand
Money, output and prices in the long-run

Week XIII
Macroeconomic Events and Ideas
Classical macroeconomics
The great depression and the Keynesian revolution
Challenges to Keynesian
Rational Expectations
The modern consensus

Week XIV
Open Economy Macroeconomics
Capital flows and the balance of trade
Exchange rates
Exchange rates and macropolicy