

Northern Marianas College
CURRICULUM ACTION REQUEST

Effective Semester / Session: Spring 2010

Type of Action:

- New
- Modification
- Move to Inactive (Stop Out)
- Cancellation

Course Alpha and Number: EC 211

Course Title: Principles of Macroeconomics

Reason for initiating, revising, or canceling:

This course guide is being revised to reflect the change in textbook used in this course to the new 18th edition. This newest edition contains the latest economic and statistical information needed in this course.



Proposer: Wil Maui, Instructor



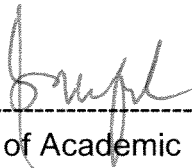
Date



Department Chair



Date



Dean of Academic Programs and Services



Date

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Course Guide

Course: EC 211 Principles of Macroeconomics

1. Department

Business

2. Purpose

This course covers the economizing problem, the market system, and other core topics in economics as a discipline. It focuses on laws, principles, theories, problems and policies which are macroeconomic in nature including total production in the economy; total resource allocation; economic growth; national income accounting; aggregate demand, aggregate supply and market equilibrium analysis; employment and unemployment; inflation; money and banking, and international economics. This course fulfills a requirement for the A.A. degree in Business, the A.A.S. degrees in Accounting, Business Management, and Computer Applications, and the A.A. degree in Liberal Arts. This course equips students with knowledge and skills to deal with daily economic issues encountered in academics, in business, and in personal life. It may also benefit individuals interested in gaining knowledge and skills for looking at things from an economic perspective.

3. Description

A. Required/Recommended Textbook(s) and Related Materials

Required: McConnell, Campbell R., Stanley L. Brue, and Sean M. Flynn. *Economics: Principles, Problems, and Policies*. 18th ed. New York, NY: The McGraw-Hill Companies, Inc., 2009.
Readability level: Grade 11

B. Contact Hours

1. **Lecture:** 3 hours per week / 45 hours per semester
2. **Lab:**
3. **Other:**

C. Credits

1. **Number:** 3
2. **Type:** Regular degree credits

D. Catalogue Course Description

This is the first of the two principles of economics courses. This course will cover the economizing problem, the market system, and other core topics in economics as a discipline. This course focuses on laws, principles, theories, problems and policies which are macroeconomic in nature including total production in the economy; total resource allocation;

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economic growth; national income accounting; aggregate demand, aggregate supply and market equilibrium analysis; employment and unemployment; inflation; money and banking; and international economics. Prerequisite: CS 103. English Placement Level: EN 202. Math Placement Level: MA 132. (Offered Fall)

E. Degree or Certificate Requirements Met by Course

This is a required course for the A.A. degree in Business and for the A.A.S. degrees in Accounting, Business Management, and Computer Applications. This course is an elective course for the A.A. degree in Liberal Arts.

F. Course Activities and Design

This course consists of class lectures, in-class exercises, homework assignments, online exercises, in-class exams, and take-home exams. Exercises and homework come from the textbook, the Web site that supports the textbook, and local publications.

4. Course Prerequisite(s); Concurrent Course Enrollment; Required English/Mathematics Placement Level(s)

Prerequisite(s): CS 103

English Placement Level: EN 202

Math Placement Level: MA 132

5. Estimated Cost of Course; Instructional Resources Needed

Cost to the Student: Tuition for a 3-credit course, cost of the textbook, and the student activities fee.

Cost to the College: Instructor's salary.

Instructional resources needed for this course include instructor's laptop computer, software, computer projector and projection screen, flash drive, whiteboard, whiteboard markers, photocopied handouts and appropriate reference materials.

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6. Method of Evaluation

Student grades will be based on the regular letter grade system as described below:

- A: Excellent – grade points: 4.0;
- B: Above average – grade points: 3.0;
- C: Average – grade points: 2.0;
- D: Below average – grade points: 1.0;
- F: Failure – grade points: 0.0.

NMC's grading and attendance policies will be followed.

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7. Course Outline

This is a topical outline and does not necessarily indicate the sequence in which the material will be presented.

- 1.0 Limits, Alternatives, and Choices
 - 1.1 The Economic Perspective
 - 1.2 Theories, Principles, and Models
 - 1.3 Macroeconomics and Microeconomics
 - 1.4 Individuals' Economizing Problem
 - 1.5 Society's Economizing Problem
 - 1.6 Production Possibilities Model
 - 1.7 Unemployment, Growth, and the Future

- 2.0 The Market System and the Circular Flow
 - 2.1 Economic Systems
 - 2.2 Characteristics of the Market System
 - 2.3 Five Fundamental Questions
 - 2.4 The "Invisible Hand"
 - 2.5 The Demise of the Command System
 - 2.6 The Circular Flow

- 3.0 Demand, Supply, and Market Equilibrium
 - 3.1 Markets
 - 3.2 Demand
 - 3.3 Supply
 - 3.4 Market Equilibrium
 - 3.5 Application: Government-Set Prices

- 4.0. The U.S. Economy: Private and Public Sector
 - 4.1 Households as Income Receivers
 - 4.2 Households as Spenders
 - 4.3 The Business Population
 - 4.4 Legal Forms of Business
 - 4.5 The Public Sector: Government's Role
 - 4.6 The Circular Flow Revisited
 - 4.7 Government Finance
 - 4.8 Federal Finance
 - 4.9 State and Local Finance

- 5.0. The United States in the Global Economy
 - 5.1 International Linkages
 - 5.2 Specialization and Comparative Advantage

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- 5.3 The Foreign Exchange Market
- 5.4 Government and Trade
- 5.5 Multilateral Trade Agreements and Free-Trade Zones
- 5.6 Global Competition

- 6.0 Measuring Domestic Output and National Income
 - 6.1 Assessing the Economy's Performance
 - 6.2 Gross Domestic Product (GDP)
 - 6.3 The Expenditure Approach
 - 6.4 The Income Approach
 - 6.5 Other National Accounts
 - 6.6 Nominal GDP versus Real GDP
 - 6.7 Shortcomings of GDP

- 7.0 Introduction to Economic Growth and Instability
 - 7.1 Economic Growth
 - 7.2 The Business Cycle
 - 7.3 Unemployment
 - 7.4 Inflation
 - 7.5 Redistribution Effects of Inflation
 - 7.6 Does Inflation Affect Output

- 8.0 Basic Macroeconomic Relationships
 - 8.1 The Income-Consumption and Income Savings Relationships
 - 8.2 The Interest Rate-Investment Relationship
 - 8.3 The Multiplier Effect

- 9.0 Aggregate Demand and Aggregate Supply (AD-AS)
 - 9.1 Aggregate Demand
 - 9.2 Changes in Aggregate Demand
 - 9.3 Aggregate Supply
 - 9.4 Changes in Aggregate Supply
 - 9.5 Equilibrium and Changes in Equilibrium

- 10.0 Fiscal Policy, Deficit, and Debts
 - 10.1 Fiscal Policy and AD-AS Model
 - 10.2 Built-in Stability
 - 10.3 Evaluating Fiscal Policy
 - 10.4 Problems, Criticism, and Complications
 - 10.5 The Public Debt
 - 10.6 False Concerns
 - 10.7 Substantive Issues

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11.0 Money and Banking

- 11.1 The Functions of Money
- 11.2 The Components of the Money Supply
- 11.3 What “Backs” the Money Supply?
- 11.4 The Federal Reserve and the Banking System
- 11.5 Recent Developments in Money and Banking

12.0 Money Creation

- 12.1 The Federal Reserve System
- 12.2 A Single Commercial Bank
- 12.3 Money-Creating Transactions of a Commercial Bank
- 12.4 The Banking System: Multiple-Deposit Expansion

13.0 Interest Rates and Monetary Policy

- 13.1 Interest Rates
- 13.2 The Consolidated Balance Sheet of the Federal Reserve Banks
- 13.3 Tools of Monetary Policy
- 13.4 Targeting the Federal Funds Rate
- 13.5 Monetary Policy, Real GDP, and the Price Level
- 13.6 Monetary Policy: Evaluation and Issues
- 13.7 The Big Picture

14.0 Long-Run Perspective and Macroeconomic Debates

- 14.1 Extending the Analysis of Aggregate Supply
- 14.2 Economic Growth
- 14.3 Disputes over Macro Theory and Policy

8. Instructional Goals

This course will introduce students to:

- 1.0 The economizing problem as a fundamental goal in economics as a discipline and the free market as the economic system through which most goods and services are made available to a society;
- 2.0 The laws of demand and supply, how they are used to model the equilibrium price and quantity in the market place, and applying the model, given hypothetical problem situations;
- 3.0 The Circular Flow Model and how it is used to depict the major sectors of the US economy and its relation to the Global economy;

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- 4.0 The concept of the National Income Accounting and how to derive the Gross Domestic Product (GDP) and other sub-accounts, given hypothetical data;
- 5.0 The basic macroeconomic goals of economic growth, unemployment, and inflation, how they are defined and measured, and how to derive these measures, given hypothetical data;
- 6.0 The concept of the multiplier and the context in which it occurs, its relationship to other variables, and how to derive this measure, given hypothetical data;
- 7.0 The Aggregate Demand and Aggregate Supply (AD-AS) model and how to use it in the context of macroeconomic fiscal policy, given hypothetical economic situations;
- 8.0 The concept of money, the functions that money plays in the economy, how money is created, and its role in macroeconomic policies; and
- 9.0 The concept of comparative advantage in trade and in the international exchange rate system.

9. Student Learning Outcomes

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

- 1.0 Explain the economizing problem as a fundamental goal in economics as a discipline and describe the free market as the economic system through which most goods and services are made available to the society;
- 2.0 Demonstrate knowledge in the laws of demand and supply, explain how they are used to model the equilibrium price and quantity in the market place, and apply the model, given hypothetical problem situations;
- 3.0 Demonstrate knowledge in the Circular Flow Model and how it depicts the US economy; its major components (household, business, and public sectors); and its relation to the World economy;
- 4.0 Demonstrate knowledge in the concept of the National Income Accounting, and derive the GDP and other sub-accounts, given hypothetical data;

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- 5.0 Demonstrate knowledge in basic macroeconomic goals—economic growth, unemployment, and inflation; state how they are defined and measured; and derive these measures, given hypothetical data;
- 6.0 Demonstrate knowledge in the concept of the multiplier and the context in which it occurs, explain its relationship to other variables, and derive this measure, given hypothetical data;
- 7.0 Demonstrate knowledge in the Aggregate Demand and Aggregate Supply (AD-AS) model and apply it in the context of macroeconomic fiscal policy, given hypothetical economic situations;
- 8.0 Demonstrate knowledge in the concept of money, identify the functions that money plays in the economy, and describe how money is created and its importance in macroeconomic policies; and
- 9.0 Demonstrate knowledge in the concept of comparative advantage in international trade and knowledge in the international exchange rate system.

10. Assessment Measures

Assessment of student learning may include, but not be limited to, the following:

- 1.0 Class participation;
- 2.0 Essays;
- 3.0 Quizzes;
- 4.0 Homework;
- 5.0 In-class tests; and
- 6.0 Take home tests.