

PALOMAR COLLEGE
COURSE OUTLINE OF RECORD FOR
DEGREE CREDIT COURSE

XX Transfer Course XX A.A. Degree applicable course
(check all that apply)

COURSE NUMBER AND TITLE: Economics 101: Principles of Economics (Macro)

UNIT VALUE: 3

MINIMUM NUMBER OF SEMESTER HOURS: 48

BASIC SKILLS REQUIREMENTS: Appropriate language and computational skills.

ENTRANCE REQUIREMENTS

PREREQUISITE: None

COREQUISITE: None

RECOMMENDED PREPARATION: None

SCOPE OF COURSE: Descriptive analysis of the structure and functioning of the economy of the United States. Emphasizes national income, problems of inflation and unemployment, the role of government, money supply, and economic growth. *CSU; UC (CAN ECON 2)*

SPECIFIC COURSE OBJECTIVES:

The successful student will:

- Identify the basic principles of economics.
- Display knowledge of the specific vocabulary and graphic methods of economics and apply these in economic reasoning.
- Analyze important problems of economic policy.
- Compare and contrast economic policy issues systematically, including the recognition of different values and the problem of conflicting goals within an economic system.

CONTENT IN TERMS OF SPECIFIC BODY OF KNOWLEDGE:

- I. The nature and methods of economics
 - A. Define and describe the discipline of economics, indicating:
 - 1. the organization of the subject
 - 2. the two broad categories of economic analysis
 - 3. the relevance of economics to everyday life
 - B. Examine the fundamental concepts of resources, scarcity and choice
 - C. The economic way of thinking
- II. The basic tasks of an economic system
 - A. The choices of
 - 1. What to produce
 - 2. How to produce

3. For whom to produce
 4. Providing growth
 - B. Opportunity cost, the price of choice
 1. Production possibilities curve
 - a. The idea of graphic models
 - b. Fundamentals of graphic illustration
 - c. Relationship of variables indicating choice
 - C. Characteristics of capitalism
 - D. The American mixed capitalistic economy
- III. The price system
- A. Allocation by price
 1. Key concepts of
 - a. Demand and demand curve
 - b. Supply and supply curve
 - c. Equilibrium
 - d. Change in basic assumptions of the model
 2. Applications of the analysis
 - B. Circular flows of money and products
- IV. The role of government
- A. Limitations of a price system
 1. Externalities
 2. Public goods
 - B. Government and private choice
 1. Taxation
 - a. Tax incidence
 - b. Kinds and effects of taxes
 2. Subsidies
 3. Transfers
 4. Regulation
- V. The nature of government involvement in the economy
- A. The federal budget
 1. Sources of revenue
 2. Payment for activity and services
 3. National debt
 - B. Benefit-cost analysis
 1. Marginality
- VI. The private sector
- A. Business organization and motivation
 1. Summary of basic terms
 2. The role of profit
 - a. Economic profit
 - b. Accounting profit
- VII. Describing Gross Domestic Product
- A. Problems and limitations
 1. Size and measurement
 2. Price changes and price index
 - B. Components of Gross Domestic Product
 1. Expenditure approach
 2. Income approach
 3. Interaction and significance of the equality of the two approaches

- VIII. Major macroeconomic occurrences
 - A. Aggregate demand and aggregate supply
 - 1. Relating price level and national output
 - a. Aggregate demand defined and illustrated
 - b. Three ranges of aggregate supply
 - 2. Changing relationships of aggregate supply and aggregate demand
 - B. Description and consequence of business fluctuations
 - 1. Kinds of unemployment
 - a. Gathering data
 - b. Differing views of causes of unemployment
 - c. Undertaking policy
 - 2. Inflation
 - a. Causes of inflation
 - b. Measuring inflation
 - c. Effects of inflation
- IX. National income and output determination
 - A. Basic concepts of income and employment theory
 - 1. Achievement of verbal understanding and skills in reading graphic models
 - a. Consumption and saving functions
 - b. Marginal and average propensities to consume
 - c. Investment function
 - d. Leakage-injection approach
 - e. Income-expenditure approach
 - f. Actual and intended investment
 - g. Actual and intended saving
 - 2. Read and interpret:
 - a. The basis and application of the multiplier principle
 - b. The relative instability of the investment function
 - c. The dual role of saving
 - B. Government budget policies
 - 1. The multiplier effects of a change in the equation
 - a. Balance or lack of balance in the federal budget
 - b. Consequence of balanced change in the federal budget
 - 2. Discretionary and nondiscretionary fiscal policies
 - a. Automatic stabilizers
 - 3. Examination of macroeconomic fiscal performance of the American economy
- X. Money and banking structure
 - A. Define and explain money according to its functions
 - 1. Examine the interrelationships of supply and demand for money, the interest rate and the level of national income, output and employment
 - 2. Classical and modern equation of exchange
 - a. Money and the price level
 - b. Monetarism
 - c. Velocity
 - B. Fractional reserve banking
 - 1. Central banking function
 - a. Structure of the Federal Reserve System
 - 2. Control tools of the Fed
 - a. Application and magnitude of policy changes

- C. Purposes of monetary policy
 - 1. Verbal and graphic exposition
 - 2. Attributes and consequences of tight/easy money policy
- D. Problems of monetary policy
- E. Alternatives of policy
 - 1. Rules
- XI. Stabilization Policies
 - A. Influences of value judgments and political philosophies
 - 1. Fiscalist approach
 - a. Modern Keynesian
 - b. Supply-side
 - 2. Modern monetarists
 - 3. Other
- XII. International Trade
 - A. Balance of Payments
 - 1. Fixed Exchange Rates
 - 2. Floating Exchange Rates
 - 3. Impact of Trade in U.S. Economy

(I.-XII. represent minimum course requirements.)

- XIII. Examine economic growth (to be covered if time permits)
 - A. Capital-output ratio
 - 1. Technological change
 - 2. Human capital
 - 3. Socio-political environment
 - B. Appraising the gap between actual and potential output

REQUIRED READING:

Principles of Economics 101, Macroeconomics, is taught at Palomar College by several instructors. One of the following texts, currently in use for the course, is selected by the individual instructors.

Arnold, Roger. *Economics*, 6th Ed. Mason, OH. Thomson Publishing Co., 2004.

Miller, Roger. *Economics Today (Macro)*, 12th Ed. New York, NY: Pearson Addison Wesley Publishers, 2004.

Schiller, Bradley R. *Macro Economy Today*, 8th Ed. Highstown, NJ: McGraw Hill, Inc., 2000.

SUGGESTED READING:

Students may receive selected reprints which show application of the principles being studied.

Individual student subscriptions to the *Wall Street Journal*, *Christian Science Monitor*, and *Fortune* are encouraged but not required in some classes.

The study guide to accompany each text is recommended but not required.

REQUIRED WRITING:

All Economics 101 instructors require writing. Minimum in-class writing examinations, research papers or computer projects of ten to fifteen pages per semester.

OUTSIDE ASSIGNMENTS:

Students are expected to spend a minimum of three hours per unit per week in class and on outside assignments, prorated for short-term classes.

Reading assignments are from the texts. 450-600 pages of reading are assigned for the semester. Six hours of study per week is a minimum requirement to accomplish these assignments. Additional research, reading and drafting material for the required writings are required.

INSTRUCTIONAL METHODOLOGY:

Check all that apply:

- lecture
- laboratory
- lecture-laboratory combination
- directed study

DISTANCE LEARNING:

This course may be offered as a distance learning course and meets Title 5 regulations 55370, 55372, 55374, 55376, 55378, and 55380.

Yes No

If yes, check all that apply:

- Television Course (Video one-way, e.g. ITV, video cassette, etc.)
- Online Course (Text one-way, e.g. newspaper, correspondence, electronic file, etc.)
- Two-Way Video Conferencing (Two-way interactive video and audio)
- One-Way Video Conferencing (One-way interactive video and two-way interactive audio)
- Computer Assisted Instruction (A specialized form of mediated instruction relying primarily on student access to information and prepared lessons or teaching materials through a computer terminal, but not under immediate supervision of a qualified instructor.)

GRADING POLICY AND STANDARDS (include methods of determining whether the stated objectives have been met by students):

Typical grading is as follows:

Homework	10%-15%
Projects	20%-15%
Examinations	50%-40%
<u>Final Examination</u>	<u>20%-30%</u>
Total	100%

IS COURSE REPEATABLE FOR REASON(S) OTHER THAN DEFICIENT GRADE?

Yes ____ No X Number of times course may be taken for credit: ____

If yes, identify specific provision of Title 5 Division 2 section(s), 55761-55763 and 58161 which qualifies course as repeatable:

CONTACT PERSON:

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SIGNATURES ON FILE: