

# Grays Harbor College

## ECON& 202 Principles of Macroeconomics

Instructor: Dr. Mark Zerr

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### Course Description:

A macroeconomic study of the U.S. economy as a system for solving the fundamental problems of how a society uses its material resources. Emphasis is given to national income, inflation, unemployment, international trade, business cycles, and the monetary system.

5 credits. Satisfies social science distribution area B requirement or as specified elective for the AA degree. Prerequisites: Math 060; READ 080 or instructor permission.

### Textbook:

Economics: Private and Public Choice

Twelfth Edition - ISBN-10: 0324590024 | ISBN-13: 9780324590029 Gwartney, Stroup, Sobel, Macpherson  
Southwestern:Cengage Publishing  
2009

Methods of Instruction: Lectures, class discussion, group problem-solving in class, internet video and web based resource supplements. Quizzes, homework problems, final exam.

Student Learning Outcomes and Objectives include the ability to:

1. define the concepts of resources and wants, and relate them to Scarcity and Opportunity Costs.
2. identify the Production Possibility Curve and to use it to measure opportunity costs.
3. understand and describe the concepts and measurement of gross domestic product, unemployment, and inflation.
4. understand and describe the difference between business cycles and economic growth and the factors that contribute to each.
5. understand and describe the concepts of Comparative Advantage.
6. understand and describe the concepts of balance of payments and its components, as well as the determinants of exchange rates.
7. identify the benefits and costs of free trade.
8. define globalization and understand its history.
9. understand the roles of international trading arrangements (e.g., the North American Free Trade Act, the General Agreement on Tariffs and Trade), and the functions of international organizations (e.g., the International Monetary Fund, the World Bank, the World Trade Organization).
10. define and identify the components of capital flows and the determinants of capital flows to different world regions.
11. understand and describe the concepts and measurement of gross domestic product,

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unemployment, and inflation.

12. understand and describe the difference between business cycles and economic growth and the factors that contribute to each.

13. understand and describe the concept of Macroeconomic Equilibrium.

14. understand and describe how Aggregate Demand and Aggregate Supply determine equilibrium price and output in the short-run and long-run.

15. to understand and describe the multiplier concept, how it is computed, and its qualifications and limitations.

16. understand and describe the concepts, tools, and implementation of fiscal policy, its limitations and relative advantages and disadvantages, and how it affects aggregate economic activity.

17. understand and describe the concepts, tools, and implementation of monetary policy, its limitations and relative advantages and disadvantages, and how it affects aggregate economic activity

18. understand and describe the essential differences that separate and distinguish the Classical and Keynesian Schools in macroeconomics.

19. understand and describe the arguments pro and con for a policy of laissez-faire versus government activism in the management of macroeconomic policies.

20. understand and describe the concepts of Comparative Advantage, balance of payments and its components, and the determinants of exchange rates.

Course Content:

Week 1

1. The Economic Approach to Decision-Making

2. Tools of the Economist: Opportunity Cost, Gains from Trade, Scarcity, Comparative Advantage

Week 2

3. Supply, Demand, Applications in the Market Process

4. Supply and Demand: Applications and Extensions

Week 3

5. The Economic Role of Government

6. The Economics of Collective Decision Making

Week 4

7. Measuring the Nation's Economy

8. Economic Fluctuations: Unemployment, and Inflation

Week 5

9. An Introduction to Basic Macroeconomic Markets

10. Economic Instability: The Business Cycle

Week 6

11. Fiscal Policy

12. Money and the Banking System

Week 7

13. Modern Macroeconomics: Monetary Policy

14. Stabilization Policy, Output, and Employment

Week 8

15. Creating an Environment for Growth and Prosperity

16. Institutions, Policies, and Cross-Country Differences in Income and Growth

Week 9

17. Gaining From International Trade

18. International Finance and the Foreign Exchange Market

Week 10

Review and Final Exam

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**GRADING:** Will consist of three quizzes for 60% of the grade, homework 10% attendance 10% and final exam 20%.