

MONTGOMERY COLLEGE  
Department of Business and Economics  
Rockville Campus

EC 201 Principles of Economics I (**MACROECONOMICS**)  
CREDIT HOURS: 3

**COURSE SYLLABUS**

**COURSE DESCRIPTION**

Covers macroeconomic theory half of a one-year course in economics including central problems of economic society, supply, and demand; national income and product; saving, consumption, and investment; income determination; money supply and deposit creation; monetary and income analysis and alternative economic systems. Three hours each week.

**PREREQUISITES**

- a. High school algebra or its equivalent.
- b. Assessment levels:
  - 1. EN 101/101A
  - 2. MA 097/099
  - 3. RD 120

**GENERAL EDUCATION STATEMENT**

**EC 201 fulfills a General Education Program Behavioral and Social Sciences Distribution requirement.**

Montgomery College's General Education Program is designed to ensure that students have the skills, knowledge, and attitudes to carry them successfully through their work and personal lives. This course provides multiple opportunities to develop two or more of the **following competencies: written and oral communication, scientific and quantitative reasoning, critical analysis and reasoning, technological competency, and information literacy.** For more information, please see [www.montgomerycollege.edu/gened](http://www.montgomerycollege.edu/gened).

**FORMAT**

All class sessions will be lecture sessions. Student participation in class discussions is expected.

**TEXTBOOK**

McConnell, Campbell R., Brue, Stanley L., and Flynn, Sean M., Economics (Alternate Edition), 19<sup>th</sup> edition. New York: McGraw-Hill/Irwin, 2012.

MC Bookstores: <http://cms.montgomerycollege.edu/bookstore/>

## LECTURE SEQUENCE

- I. INTRODUCTION (Chapters 1, 2, and 3)
  - a. The Meaning of Economics
  - b. Resources, Wants, and Technology
  - c. The Five Central Economic Problems
  - d. Macroeconomics and Microeconomics
  - e. Types of Economic Systems
  - f. Methodology of Economics
  - g. Institutions and Assumptions of Capitalism
  - h. The Circular Flow of Economic Activity
  - i. Demand and Supply Analysis
  - j. The Price System
- II. ELEMENTS OF THE AMERICAN ECONOMY (Chapters 30 and 37)
  - a. The Private Sector
  - b. The Public Sector
  - c. The Foreign Sector
- III. NATIONAL INCOME ACCOUNTING (Chapter 7)
  - a. Measuring the Economy's Performance
  - b. The Expenditure Approach to Determining the GDP
  - c. The Income Approach to Determining the GDP
  - d. The Value-Added Approach to Determining the GDP
- IV. ECONOMIC FLUCTUATIONS (Chapter 9)
  - a. Economic Indicators
  - b. Business Cycles
  - c. Unemployment
  - d. Price Instability
  - e. Macroeconomic Goals
- V. THEORIES OF OUTPUT AND EMPLOYMENT (Chapters 10, 11, and 12)
  - a. The Classical Theory of Employment
  - b. The Keynesian Theory of Employment
  - c. Equilibrium Output – The Keynesian Model
  - d. Multiplier Analysis
  - e. Aggregate Demand and Aggregate Supply
  - f. The Determination of Equilibrium Real Output
- VI. FISCAL POLICY (Chapter 13)
  - a. Tools of Fiscal Policy
  - b. The Effects of Fiscal Policy on Domestic Output, Employment, Income, and Prices
- VII. MONEY, BANKING, AND MONETARY POLICY (Chapters 14, 15, and 16)
  - a. Money
  - b. The United States Financial System
  - c. How Banks Create Money
  - d. The Effects of Monetary Policy on Domestic Output, Employment, Income, and Prices
- VIII. THE EXTERNAL SECTOR (Lecture and Chapter 37)
  - a. International Trade
  - b. The Effects of Exports on Output, Employment, Income, and Prices
  - c. The Effects of Imports on Output, Employment, Income, and Prices

IX. CURRENT MACROECONOMIC PROBLEMS AND POLICIES (Chapters 18, 19, and 13)

- a. Controversies over Stabilization Policies
- b. Stagflation
- c. Incomes Policy
- d. Labor-Market Policies
- e. Supply-side Economics
- f. Reaganomics
- g. The Budget Deficit and the National Debt

X. ECONOMIC GROWTH (Chapter 8)

- a. Factors which Affect Economic Growth
- b. Growth Problems in Developing Countries

**COVERAGE OF TOPICS**

The extent of treatment of each topic which is included in Roman numerals I through X is the prerogative of the professor.

**SPECIFIC OUTCOMES**

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

- Apply basic economic concepts such as scarcity, opportunity cost, and comparative advantage to everyday life situations.
- Describe the factors that affect economic growth and the challenges facing both developed and less developed countries as they pursue economic growth.
- Describe the primary purposes, limitations, and controversies regarding the use of fiscal and monetary policies.
- Describe what the gross domestic product (GDP) of a country represents, the components of GDP, the different approaches to calculating GDP, and the shortcomings of GDP as a measure of quality of life.
- Explain how the macroeconomic problems of unemployment and inflation are defined and measured.
- Explain the basic structure of capitalism and contrast this system with alternative economic systems.
- Explain the concept of globalization and its impact on the domestic economy.
- Explain what money is, how it is created, and how the U.S. banking system operates.
- Use the market model to explain how prices and quantities are bought and sold and how resources are allocated.
- Use the model of aggregate supply and demand to explain how unemployment and inflation may occur and how they can be mitigated by government policy.

## EXAMINATIONS

All examinations will be announced. There will be **four** “regular” examinations **plus** a final examination. **No make-up examinations will be given.** All examinations are the property of the professor.

Examinations will be given as follows:

Examination #1 – Based on the topics in Roman numeral I

Examination #2 – Based on the topics in Roman numerals II and III

Examination #3 – Based on the topics in Roman numerals IV and V

Examination #4 – Based on the topics in Roman numerals VI and VII

Final Examination – Based on the topics in Roman numerals IV, V, VI, VII, VIII, IX, and X.

## GRADE

To earn a grade, a student must take **at least three** “regular” examinations **plus** the final examination. Each “regular” examination represents 20 percent of the grade. The final examination represents 40 percent of the grade. If a student takes the four “regular” examinations, the lowest score will be dropped.

Grades will be assigned as follows:

<u>Percentage Earned</u>	<u>Grade Earned</u>
90 – 100	<b>A</b>
80 – 89	<b>B</b>
70 – 79	<b>C</b>
60 – 69	<b>D</b>
<b>Less than 60</b>	<b>F</b>

If a student does not take three of the regular examinations plus the final examination, the student will be assigned the grade of “F.”

## AUDIT POLICY

A student who has registered to audit the class must see the professor during the first week of the semester concerning his/her obligations as a student in the class.

## ATTENDANCE/WITHDRAWAL

Attendance is compulsory. If a student’s unexcused absences exceed the number of class sessions per week, the student may be dropped from the class following an additional absence.

A student may elect to withdraw from the class. To view specific drop deadlines, log into your MyMC:

- (1) Click on “My Class Schedule” under Student Quick Links.
- (2) Select the current term.
- (3) Click on “View Drop Deadline Dates” at the bottom of the page.

## **CLASSROOM BEHAVIOR**

Each and every student is expected to behave in ways which promote a teaching and learning atmosphere. Students have the right to learn; however, they do not have the right to interfere with the freedom of the faculty to teach or the rights of other students to learn. Students will be treated respectfully in return for respectful behavior.

All in-class discussions should be carried out in a way that keeps the classroom environment respectful of the rights of others. This means, for example, students should not interrupt someone else who is talking regardless of whether that person is the instructor or another student. Students should not monopolize class time by repeatedly interrupting and asking questions in a manner which hinders the learning process of others. Students are also expected to conduct themselves in ways which create a safe learning and teaching environment that is free from such things as violence, intimidation, and harassment.

Please make sure that you read the Student Code of Conduct. It can be found at:  
[http://cms.montgomerycollege.edu/pnp/#Chapter\\_4](http://cms.montgomerycollege.edu/pnp/#Chapter_4)

**Cell phones and beepers MUST be turned OFF while the class is in session.**

**Eating and drinking are not permitted in the classroom.**

## **ACADEMIC HONESTY**

All students will be subject to the provisions in the Student Code of Conduct concerning academic dishonesty and misconduct. Read the relevant section. If you have any questions, please see me.

The Student Code of Conduct can be found on the Montgomery College website at:  
[http://cms.montgomerycollege.edu/pnp/#Chapter\\_4](http://cms.montgomerycollege.edu/pnp/#Chapter_4)

## **SUPPORT SERVICES**

Professor available during office hours to answer questions relating to the material covered in the class.

A student who may need an accommodation because of a disability should make an appointment to see the professor. A letter from Disability Support Services (DSS) authorizing your accommodations will be needed. The DSS is located in the Counseling and Advising Building (CB) – Room 122 – and may be called on 240-567-5058 (TDD: 301-294-9672).

If you are a veteran or on active or reserve status and you are interested in information regarding opportunities, programs, and/or services, please visit the Combat2College website at [www.montgomerycollege.edu/combat2college/](http://www.montgomerycollege.edu/combat2college/) and/or contact Joanna Starling (email: [joanna.starling@montgomerycollege.edu](mailto:joanna.starling@montgomerycollege.edu); phone: 240-567-7103; location: SV 103–Rockville campus).

## **CANCELLATION OF CLASSES**

If the College/Campus is closed officially because of inclement weather at the time at which the class is scheduled, the material for which the class is held responsible for that session will be covered on the next scheduled meeting of the class.

In the case of a scheduled examination, that examination will be given on the next scheduled meeting of the class.

If a class can meet for 50% or more of its regularly scheduled meeting time **OR** if the class can meet for 50 minutes or more, it will meet.

Montgomery College will always operate on its regular schedule unless otherwise announced. Depending on the nature of the incident, notifications of emergencies and changes to the College's operational status will be communicated through one or more communication methods including the College's web page  
<http://montgomerycollege.edu>.

For the most up-to-date information regarding College openings, closings, or emergencies, all students, faculty, and staff are encouraged to sign up for email and text alerts via Montgomery College ALERT. Registration information is available at [www.montgomerycollege.edu/emergency](http://www.montgomerycollege.edu/emergency).

## **EMAIL USAGE**

Student email using the montgomerycollege.edu server is an official means of communication for the College. It is expected that you check your student email frequently, as you are responsible for information and announcements that will be sent to you from the College.

For this class, student email will be used only for situations where timing is essential. Most information is discussed in class and all assignments will be turned in as hard copy during regular class times. If you contact the professor through email, you must use your MC email account (rather than a personal account) so you can be recognized as a student. If you email the professor, please follow-up with a voice mail message.

## **DEPARTMENT**

SUITE: 261 Humanities (HU)  
ROOM: 244 – Administrative Aide  
PHONE: 240-567-5137

**THIS COURSE SYLLABUS IS SUBJECT TO CHANGE. ANY CHANGES WILL BE ANNOUNCED IN CLASS.**