

University of Arkansas – Fort Smith

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General Syllabus

ECON 2803 Principles of Macroeconomics

Credit Hours: 3 **Lecture Hours:** 3 **Laboratory Hours:**

Prerequisite: MATH 1403 College Algebra or higher math course

Effective Semester: Fall 2006

I. Course Information

A. Catalog Description

Introduction to macroeconomic theory, the study of national and world economies.

Examines the interaction of households, businesses, and governments (domestic and foreign) in determining economic output and overall standard of living. Explores how inflation, unemployment, investment, interest rates, trade, exchange rates, taxes, national debt, and fiscal and monetary policy affect society. Emphasizes students' economic roles as consumers, workers, investors, and citizens. (ACTS: ECON 2103)

II. Student Learning Outcomes

A. Subject Matter

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

1. Describe the role of prices in allocating resources and output in a free market economy.
2. Discuss the trade-offs between the major economic goals pursued by U.S. policymakers.
3. Understand the differences in efficiency that result in a free market economy as compared to a command economy.
4. Summarize the factors that determine supply and demand and discuss the impact of changes in these factors on market equilibrium.
5. Discuss the welfare benefits and costs that result from free trade.
6. Describe how the principle of comparative advantage determines what a country or region specializes in the production of if an economy is open to trade
7. Analyze the effects of exchange rates on the trade balance.
8. Understand how to use a price index to adjust nominal figures for changes in the price level over time.
9. Compute growth rates for GDP and price level.
10. Calculate the size of the labor force and the unemployment rate and discuss why a natural rate of unemployment is desirable in an economy.
11. Identify the four components of aggregate expenditures and summarize the types of spending that comprise each.
12. Summarize the determinants of aggregate supply and aggregate demand and discuss the impact of changes in these factors on aggregate output and price level.

13. Differentiate between fiscal and monetary policy and identify the tools available for each as well as their anticipated consequences.

B. University Learning Outcomes

This course enhances student abilities in the following areas:

Analytical Skills

The student will demonstrate critical thinking skills by rationally and intuitively organizing information and applying technical principles and theories when analyzing real-world policy issues.

Global and Cultural Perspectives

The student will be able to identify differences in economic systems around the world and the resulting specializations and comparative advantages. The student will be able to convert prices among world currencies. The student will understand the relationship between the national economy and the world economy.

Quantitative Reasoning

The student will solve application problems by identifying relevant information and correctly choosing formulas or equations related to the mathematical modeling of economic theory.

III. Major Course Topics

- A. Scarcity and Choice
- B. Production Possibilities
- C. Circular Flow Model and Economic Systems
- D. Demand and Supply
- E. Private and Public Sectors
- F. Comparative Advantage and International Trade
- G. Output and Price Level Measurement
- H. Growth, Inflation, and the Business Cycle
- I. Consumption and Investment
- J. Aggregate Expenditures Model
- K. Aggregate Demand and Supply
- L. Fiscal Policy Tools
- M. Structure of the Federal Reserve System
- N. Money Functions and Creation
- O. Monetary Policy Tools