

This course is available for student registration only after the approval process has been completed.

SUBJECT EEC COURSE NO. 2303 CREDIT HOURS 3 TERM TO BE ADDED TO THE FILE Spring 2008  
Alpha Prefix (e.g., CSE) Number Choice (e.g., 1301) (e.g., Fall 2006)

CLASS HOURS 45 LECTURE HOURS 45 LAB HOURS \_\_\_\_\_ CONTACT HOURS (CEU ONLY) \_\_\_\_\_

DEPARTMENT University College SCHEDULE TYPE virtual classroom  
(e.g., Computer Sciences) (e.g., Lecture, Lab or Special Project)

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|--|--|
| <input type="checkbox"/> COLLEGE OF AERONAUTICS-23 | <input type="checkbox"/> COLLEGE OF PSYCHOLOGY AND LIBERAL ARTS-25         |
| <input type="checkbox"/> COLLEGE OF BUSINESS-24    | <input type="checkbox"/> COLLEGE OF SCIENCE-26                             |
| <input type="checkbox"/> COLLEGE OF ENGINEERING-01 | <input checked="" type="checkbox"/> UNIVERSITY COLLEGE EXTENDED STUDIES-27 |

COMPUTER TITLE Restricted to 25 characters, including spaces Intro to Macroeconomics

CATALOG TITLE Introduction to Macroeconomics

CATALOG DESCRIPTION OF COURSE Limited to 350 characters, including spaces

Introduces the concepts that aid in understanding both aggregate economic conditions and the policy alternatives designed to stabilize national economies. Includes the determination of GDP and national income, inflation, unemployment, monetary policy, economic growth and exchange rates. (SS)

In addition, you may attach a course syllabus and/or more detailed description.

RESTRICTIONS  Prerequisite MTH 1000 or higher  Corequisite \_\_\_\_\_  
Course Number Course Number

Prerequisite \_\_\_\_\_  Corequisite \_\_\_\_\_  
Course Number Course Number

Prerequisite \_\_\_\_\_  Corequisite \_\_\_\_\_  
Course Number Course Number

GRADES TO BE ISSUED  
 A, B, C, D, F  
 A, B, C, D, F, CEU  
 CEU  
 S, U  
 P, F  
 Other \_\_\_\_\_

ADDITIONAL RESTRICTION \_\_\_\_\_  
(e.g., Major, Class Level, Department Head Approval)

If this course replaces a course currently offered in BANNER, please indicate old course information

SUBJECT Alpha Prefix (e.g., CSE) \_\_\_\_\_ COURSE NO. (e.g., 1301) \_\_\_\_\_

**APPROVALS: Upon completion of appropriate department approvals, submit form to Chair, Graduate Council, or Chair, Undergraduate Curriculum Committee for approval below and forward to Catalog Director.**

[Signature] for M. Bonhomme 9-14-06  
Originator Date Chair, Graduate Council Date

\_\_\_\_\_  
Department Head/Program Chair OR

\_\_\_\_\_  
Dean or Associate Dean Date Chair, Undergraduate Curriculum Committee Date

**CATALOG DIRECTOR**  
 These changes/additions have been made for the \_\_\_\_\_  
 University/Extended Studies Catalog and entered into the  
 BANNER term named above.  
 \_\_\_\_\_  
Catalog Director Date

**REGISTRAR'S USE ONLY**  
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 SCARRS \_\_\_\_\_ Operator Init \_\_\_\_\_ Date \_\_\_\_\_

## EEC 2303: Introduction to Macroeconomics

### Course Description

Introduces the concepts that aid in understanding both aggregate economic conditions and the policy alternatives designed to stabilize national economies. Includes the determination of GDP and national income, inflation, unemployment, monetary policy, economic growth and exchange rates. (SS)

### Course Objectives

Effective decision-making must be made within the framework of macroeconomic events and conditions that are increasingly global in nature to respond to long-term trend changes within the economy, as well as to short-term cyclical fluctuations that may adversely hurt sales and profits. In short, decision-makers must understand the macroeconomic environment in which they work. Macroeconomics is the branch of economic theory dealing with economic aggregates such as inflation, unemployment, interest rates, exchange rates, productivity growth and gross domestic product. Students will learn to identify and measure the most important macroeconomic variables, and will gain a rigorous understanding of the aggregates long-run trend determinants and its short-run cyclical determinants. Students will also learn basic macroeconomic principles that will allow them to critically analyze and evaluate contemporary and historical macroeconomic issues, policies and events.

### Learning Objectives

- Enhance Critical Thinking Skills
  - Ability to explain the relevance of specific model assumptions
  - Ability to use macroeconomic analysis to evaluate current and historical financial issues, policies and events, and to predict the qualitative effects of proposed policies
- Enhance International Perspective
  - Understand the benefits, costs and tradeoffs associated with global trade
  - Understand the macroeconomic linkages between countries, including interest rates, exchange rates and asset prices
- Foster Social Corporate Responsibility
  - Efficiency vs. Equity
  - Economic Development and Transition.

### Course Resources

- **Required Textbook:** Robert H. Frank and Ben Bernanke, Principles of Macroeconomics, 2<sup>nd</sup> edition, McGraw-Hill, 2004.
- **Textbook Website:** Offers on-line quizzes, graphing exercises, PowerPoint slides, and additional examples of key concepts for each chapter. [http://highered.mcgraw-hill.com/sites/007255410x/information\\_center\\_view0/](http://highered.mcgraw-hill.com/sites/007255410x/information_center_view0/)
- **Blackboard:** enroll at <http://fit.blackboard.com>; EEC 2303: Introduction to Macroeconomics. You will find announcements, answer keys, and PowerPoint slides on Blackboard.
- **Calculator:** nothing fancy (Texas Instruments TI-30X IIS); bring to each class.

### Course Evaluation and Procedures

- |                      |     |  |
|----------------------|-----|--|
| • Mini-tests         | 20% | (6 mini-tests; drop low score)               |
| • Set 1 Examinations | 30% | (2 exams; high score = 20%; low score = 10%) |
| • Set 2 Examinations | 50% | (exam 3 = 25%; final = 25%)                  |
| • Intangibles        | 2%  |  |

## Examinations and Mini-tests

- Short answer exams and mini-tests will be given periodically throughout the semester. Mini-tests will last for 30 minutes and should be used as a device to identify concepts that require additional study and to correct minor mistakes in logic and/or process. The best way to study for exams and mini-tests is to work the assigned problems from the textbook.
- A student may be given a **make-up exam** provided he/she notifies the instructor *prior* to the test date (for university sponsored events notification must occur one month prior to the exam) and at the appropriate time offers the instructor a *signed medical notice*. The exam must be taken *within* a time frame defined by the instructor.
- A missed exam or mini-test, without a verifiable administrative or medical excuse, will be scored as a zero in my grade book. There will be **NO MAKE-UP for a missed mini-test**. In order to avoid penalizing someone who fails to attend a mini-test because of a university sponsored event, medical emergency or unforeseen special situation I will drop your lowest quiz score.
- The public posting of grades either by student name, institutional student number or social security number without the student's written permission is a violation of the Federal Family Educational Rights and Privacy Act. Further, student grades may not be forwarded via e-mail (even in response to the student's request).

## Intangibles Grade

The "intangibles" category effectively adds bonus points to your total score, and is intended to cultivate desirable habits and traits employers expect in the work place. Students can **earn** up to 100 points, which will then be converted using a 2% weight. You can earn points in the following categories.

- Punctuality and Virtual Class-room Decorum (up to 20 points, subjective)
- Active Participation during problem solving exercises (up to 40 points; subjective)

## Attendance

Unexcused absences will be recorded in my grade book. A student who exceeds THREE unexcused absences will automatically receive **zero for the intangibles grade**. An **excused absence** will be granted for University sponsored events, medical emergencies and special situations as long as you can provide verifiable documented evidence to support your claim. ***Students who attend class to write a mini-test but then skip the remainder of the class will be marked absent.***

## ADA Accommodations

Please contact Rodney Bowers, Director, Academic Support Center, 321-674-7110, rbowers@fit.edu with any specific ADA accommodations you may require as you work to meet the course requirements.

## Course Outline

(Subject to revision at the discretion of the instructor)

### Module 1: Core Economic Concepts

1. **First Principles**  
**Reading:** chapter 1

- What is Economics? (Catskill Watershed Example)
- Thinking Like an Economist
  - Cost-Benefit Principle
  - Measuring Costs and Benefits
    - Absolute Dollars rather than Percent Change
    - Marginal rather than Average
    - Include Opportunity Costs
    - Ignore Sunk-Costs

## 2. Comparative Advantage: The Basis of Exchange

**Reading:** chapter 2; chapter 16 (pp. 443-453)

- The Principle of Comparative Advantage
- Production Possibilities
- Efficient Allocation of Production Resources
- **Mini-Test 1**
- Specialization and the Gains from Trade
- Winners and Losers from International Trade

## 3. Supply and Demand: An Introduction

**Reading:** chapter 3 (pp. 57-80)

- Predicting and Explaining Changes in Prices and Quantities
- Price Controls
  - Price ceilings and rent controls
  - Price supports in agriculture

## 4. Supply and Demand: Applications

**Reading:** chapter 16 (pp. 454-465); chapter 3 (pp. 81-84)

- **Mini-Test 2**
- International Trade: Tariffs as a Control Price
- Markets and Social Welfare
- Positive and Negative Spillovers

## Module 2: Macroeconomics: Issues and Data

### 5. Macroeconomics Primer

**Reading:** chapter 4; chapter 5 (pp. 130-135); chapter 8 (pp. 217-219)

- **Module 1 Examination**
- The Bird's-Eye View of the Economy
- Measuring Unemployment
- Types of Unemployment and Their Costs

## 6. Measuring Aggregate Output and Prices

**Reading:** chapter 5 (pp. 110-129); chapter 6 (pp. 139-149)

- Gross Domestic Product
- CPI, Price Deflators and Inflation

## 7. Inflation, Deflation and Interest Rates

**Reading:** chapter 6 (pp. 150-161)

- Costs of Inflation
- Interest Rates: Nominal vs. Real
- Rapid Inflation: Bolivia, Argentina, Russia
- Rapid Deflation: The Depression; Japan
- **Module 2 Examination**

## Module 3 The Economy in the Long Run

### 8. An Introduction to the Market for Labor and Financial Markets

**Reading:** chapter 8 (pp. 199-215, and 219-223); chapter 9 (pp. 231-241) chapter 11 (pp. 281-291)

- Supply and Demand in the Labor Market
- Explaining Trends in Real Wages and Employment
- Savings and Wealth
- Savings and the Real Interest Rate
- Pricing Bonds and Stock

### 9. The Market for Capital International Capital

**Reading:** chapter 9 (pp. 242-255); chapter 11 (pp. 291-301)

- **Mini-test 3**
- National Savings and Its Components
- Investment and Capital Formation
- Saving, Investment and Financial Markets
- International Capital Flows

### 10. The Classical Long-Run Model

- Economic Growth and Productivity
- The Determinants of Average Labor Productivity
- Policies to Promote Growth
- **Mini-test 4**
- Sustainability and Limits to Growth
- Intangible Capital

**11. Money, Prices and the Federal Reserve****Reading:** chapter 10

- Measuring Money
- How the Fed Controls the Money Supply
- Money and Prices
- **Module 3 Examination (25%)**

**Module 4: The Economy in the Short Run****12. Economic Fluctuations and the Keynesian Model****Reading:** chapter 12; chapter 13 (pp. 327-345)

- Short-Term Economic Fluctuations: An Introduction
- Spending and Output in the Short Run

**13. Stabilizing the Economy****Reading:** chapter 13 (pp. 346-354); chapter 14

- **Mini-Test 5**
- Stabilizing Planned Spending Using Fiscal Policy
- Stabilizing the Economy using Monetary Policy

**14. Aggregate Demand, Aggregate Supply and Inflation****Reading:** chapter 15

- **Mini-Test 6**
- Aggregate Demand
- Aggregate Supply
- Self-Correcting Economy
- Sources of Inflation
  - Excessive Spending
  - Adverse Supply Shocks

**15. Exchange Rates and the Open Economy****Reading:** chapter 17

- The Determination of the Exchange Rate
- Fixed Exchange Rates
- Speculative Attacks on a Currency: Mexico

**16. Module 4 Examination (25%)**