

## ECON 105 Educational Goals

For 100 level courses, all skills below are to be *introduced*.

### 1 Analyze and Interpret economic models

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#### 1A Solve and interpret standard models of consumer behavior

Introductory:

- State and explain the Law of Demand
- Explain the role of constraints and opportunity cost in consumer choices

#### 1C Solve and interpret standard models of market interaction

Introductory:

- Calculate and interpret real and nominal interest rates
- Calculate and interpret the growth rate of total factor productivity (Solow residual)
- Describe the characteristics of monetary assets (i.e., what makes money money)
- Describe the quantity theory of money, its implications, and whether it fits the evidence
- Describe the theory of purchasing power parity, its implications, and whether it fits the evidence
- Explain the implications of diminishing vs. constant returns to capital for long-run growth
- Use a one-period macroeconomic model to predict the response of macroeconomic variables to economic conditions and policy actions
- Use supply and demand (liquidity preference?) to describe the relationship between the money supply and interest rates
- Use supply and demand to identify the determinants of exchange rates
- Write and interpret the neoclassical aggregate production function
- Calculate and interpret the effect of government fiscal policy on deficits, debt, national savings, and investment
- Calculate growth rates from levels, and levels from growth rates
- Describe the leading explanations for observed cross-country and time-series patterns in long-run growth
- Distinguish between the short run and the long run
- Identify automatic stabilizers
- Identify the potential costs of inflation, deflation, and disinflation
- Use supply and demand (labour market) to identify the determinants of employment and/or unemployment
- Use supply and demand (loanable funds) to identify the determinants of interest rates, savings, and investment

### 2 Analyze and Interpret economic data

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#### 2A Interpret key economic data

Introductory:

- Calculate and interpret real and nominal exchange rates
- Calculate and interpret the unemployment rate and labour force participation rate
- Calculate real and nominal GDP and their expenditure components in a simple economy
- Calculate the CPI, GDP deflator, and inflation rate in a simple economy
- Describe concepts, methodology and limitations in the main macroeconomic statistics
- Relate the production, expenditure and income approaches to calculating GDP

### **3 Critically assess economic arguments, assumptions, and evidence**

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3A Discuss the role of theory, evidence, and measurement in economic analysis

Introductory:

- Describe the scientific method and its role in economics

3B Critically evaluate assumptions in economic/econometric models

Introductory:

- Explain the role of assumptions in economic models
- Understand limited role of GDP as a measure of production (versus wealth, versus welfare)

3C Compare and critically evaluate economic arguments

Introductory:

- Define the "natural rate of employment" and assess its relevance to the macroeconomy
- Distinguish between different explanations for unemployment

### **4 Use oral, written, and graphical methods to communicate economic insights**

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4A Formulate written economic arguments evaluating or supporting a position

Introductory:

- Write a brief paragraph (e.g., on an exam) that explains or applies economic concepts

### **5 Use economic concepts to understand real-world human activity and public policy**

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5A Apply economics to everyday situations

Introductory:

- Analyze the equilibrium effects of government interventions (taxes, subsidies, regulation)
- Interpret a real-world situation using the concepts of scarcity, substitution, opportunity cost, and equilibrium

- Describe the incentives facing participants in a real-world situation
- Predict the economy's response to changes in market conditions

#### 5B Use economics to evaluate specific policies

##### Introductory:

- Discuss the arguments for and against active stabilization policy
- Discuss the arguments for fixed versus flexible exchange rates
- Discuss the arguments for monetary versus fiscal policy
- Explain the zero lower bound problem and the use of unconventional monetary instruments
- Identify exchange rate policy choices and evaluate their consequences
- Identify fiscal policy choices and evaluate their consequences
- Identify monetary policy choices and evaluate their consequences
- Evaluate policies and factors that influence long-run growth
- Identify regulatory (bank and financial market) policy choices and evaluate their consequences

#### 5C Evaluate current events using tools of economics

##### Introductory:

- Evaluate current events as they relate to the general course content

### **6 Describe and analyze important economic institutions, events, and results**

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#### 6A Describe important institutions in the economy and their roles

- Describe the characteristics of a bank run and the potential role of the lender of last resort

#### 6B Describe important events in economic history and their current relevance

- Describe and explain key aspects of the gold standard, Great Depression, 1970's inflation episode, and 2008 financial crisis
- Describe important cross-country patterns in long-run growth
- Describe important patterns and events in Canada's main macroeconomic time series