

ECON 201 Educational Goals

1 Analyze and Interpret economic models

1A Solve and interpret standard models of consumer behavior

Introductory:

- Define and calculate marginal utility and the marginal rate of substitution
- Derive factors that affect consumer demand and the elasticity of demand
- Derive the demand curve of an individual consumer
- Use algebra to model a consumer's options
- Use calculus or marginal conditions to find a consumer's utility-maximizing choice
- Use preference operators to model a consumer's preferences
- Use utility functions to model a consumer's preferences
- Distinguish between the substitution effects and income effects of a price change

Developing:

- Explain the role of preferences in consumer choices
- Identify factors that affect consumer demand and the elasticity of demand
- State and explain the Law of Demand
- Define, calculate and interpret elasticities

1B Solve and interpret standard models of producer behavior

Introductory:

- Define and calculate marginal product and marginal rate of transformation
- Derive a competitive firm's supply curve from its cost or production function
- Derive factors that affect firm supply and the elasticity of supply
- Distinguish between fixed and variable costs, and between long-run and short-run costs
- Explain the cost-minimizing choice of inputs for a firm
- Model the production technology of a firm (or other economic unit) using algebra
- Model the production technology of a firm (or other economic unit) using graphs
- Use calculus and/or marginal conditions to derive a competitive firm's profit maximizing output decision.
- Use calculus to derive the cost-minimizing choice of inputs for a firm

Developing:

- Compute and/or graph the cost function of a firm
- Distinguish between decreasing marginal product and returns to scale
- Explain the role of constraints and opportunity cost in firm choices
- Identify factors that affect firm supply and the elasticity of supply
- Link diminishing marginal product to the Law of Supply
- State and explain the Law of Supply

1C Solve and interpret standard models of market interaction

Introductory:

- Compute and interpret compensated variation and equivalent variation
- Solve a simple (two-consumer, two-good) general equilibrium model
- Distinguish between the short run and the long run

Developing:

- Explain the role of prices in the economy
- Compute and interpret consumer surplus.
- Aggregate firm supply to market supply, in the short run and the long run
- Aggregate individual demands to market demand
- Explain the role of price taking behavior in competitive equilibrium
- Graph and compute the equilibrium of a perfectly competitive market
- Calculate and interpret the effect of a price floor or ceiling in a competitive market
- Calculate and interpret the effect of an excise tax in a competitive market
- Calculate and interpret the incidence of a tax

1D Identify and analyze market failures, externalities and public goods

Introductory:

- State the definition of Pareto efficiency
- Find Pareto efficient allocations
- State and explain the first and second theorem of welfare economics

3 Critically assess economic arguments, assumptions, and evidence

3B Critically evaluate assumptions in economic/econometric models

Introductory:

- Apply the concept of revealed preferences
- State the basic axioms of consumer theory
- Understand determinants and meaning of a budget constraint
- Distinguish long-run and short-run demand/supply curves, understand how they change systematically

Developing:

- State the essential features of a perfectly competitive market
- Explain the role of assumptions in economic models

3C Compare and critically evaluate economic arguments

Introductory:

- Use a model to evaluate the validity of an economic argument

Developing:

- Classify statements about the economy as normative or positive
- Identify the key assumptions and empirical claims in an economic argument

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

4A Formulate written economic arguments evaluating or supporting a position

Developing:

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

4B Present economic arguments by means of graphs, charts and tables

Introductory:

- Use graphs to depict a consumer's utility-maximizing choice
- Use graphs to depict a competitive firm's profit-maximizing decision
- Use graphs to depict a firm's cost-minimizing choice of inputs

Developing:

- Graph and explain the effect of changes to market conditions on equilibrium price and quantity

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

5A Apply economics to everyday situations

Introductory:

- Analyze business decisions in a competitive environment
- Analyze business decisions in a non-competitive environment (monopoly and oligopoly)
- Analyze complex real-world events using the supply and demand model
- Analyze the equilibrium effects of government interventions (taxes, subsidies, regulation)
- Formally model the decision-making of participants in a real-world situation

Developing:

- 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
- Interpret simple real-world events using the supply and demand model
- Predict the economy's response to changes in market conditions

5B Use economics to evaluate specific policies

Introductory:

- Analyze the welfare effects of specific policies

5C Evaluate current events using tools of economics

Developing:

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