

ECON 305 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
- Explain the role of expectations in consumer and firm choices

1B Solve and interpret standard models of producer behavior

Introductory:

- Define and calculate marginal product and marginal rate of transformation

1C Solve and interpret standard models of market interaction

Introductory:

- Calculate and interpret present values and net present values
- Describe the interactions between various monetary assets (eg \$ bills vs bank deposits, \$ bills vs bitcoin)
- Describe the Taylor principle of interest-rate setting, and why it is important
- Describe the theory of Ricardian equivalence and its limitations in practice
- Use a dynamic macroeconomic model to predict the response of macroeconomic variables to econ
- Aggregate individual demands to market demand

Developing:

- 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
- 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 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

2A Interpret key economic data

Introductory:

- Identify the empirical implications of a macroeconomic model and compare them to data
- Calculate and interpret the growth rate of total factor productivity (Solow residual)

Developing:

- 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

2B Interpret statistical evidence and methodology

Introductory:

- Describe standard methods for distinguishing trend from cycle in macroeconomic time series

3 Critically assess economic arguments, assumptions, and evidence

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

Developing:

- Describe the scientific method and its role in economics

3B Critically evaluate assumptions in economic/econometric models

Introductory:

- Distinguish long-run and short-run demand/supply curves, understand how they change systematically

Developing:

- 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

- Identify and critique the leading explanations for the business cycle

Developing:

- Distinguish between different explanations for unemployment

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

5A Apply economics to everyday situations

Developing:

- Predict the economy's response to changes in market conditions

5B Use economics to evaluate specific policies

Developing:

- 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

5C Evaluate current events using tools of economics

Developing:

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

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

6A Describe important institutions in the economy and their roles

Introductory:

- Describe the rationale for central bank independence, and the relationships between fiscal and monetary policy
- Define money and describe its primary roles in the economy
- Describe the Bank of Canada and its role in the economy
- Describe and explain key aspects of fiat, commodity-based and digital currencies

Developing:

- 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

Introductory:

- Describe key aspects of the industrial and demographic revolutions, and their link to modern development policy

Developing:

- 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