Economics

LEARNING OUTCOMES

The Firm and Market Structures

The candidate should be able to:

- [ ] determine and interpret breakeven and shutdown points of production, as well as how economies and diseconomies of scale affect costs under perfect and imperfect competition
- [ ] describe characteristics of perfect competition, monopolistic competition, oligopoly, and pure monopoly
- [ ] explain supply and demand relationships under monopolistic competition, including the optimal price and output for firms as well as pricing strategy
- [ ] explain supply and demand relationships under oligopoly, including the optimal price and output for firms as well as pricing strategy
- [ ] identify the type of market structure within which a firm operates and describe the use and limitations of concentration measures

Understanding Business Cycles

The candidate should be able to:

- [ ] describe the business cycle and its phases
- [ ] describe credit cycles
- [ ] describe how resource use, consumer and business activity, housing sector activity, and external trade sector activity vary over the business cycle and describe their measurement using economic indicators

Fiscal Policy

The candidate should be able to:

☐ compare monetary and fiscal policy
☐ describe roles and objectives of fiscal policy as well as arguments as to whether the size of a national debt relative to GDP matters
☐ describe tools of fiscal policy, including their advantages and disadvantages
☐ explain the implementation of fiscal policy and difficulties of implementation as well as whether a fiscal policy is expansionary or contractionary

Monetary Policy

The candidate should be able to:

☐ describe the roles and objectives of central banks
☐ describe tools used to implement monetary policy tools and the monetary transmission mechanism, and explain the relationships between monetary policy and economic growth, inflation, interest, and exchange rates
☐ describe qualities of effective central banks; contrast their use of inflation, interest rate, and exchange rate targeting in expansionary or contractionary monetary policy; and describe the limitations of monetary policy
☐ explain the interaction of monetary and fiscal policy

Introduction to Geopolitics

The candidate should be able to:

☐ describe geopolitics from a cooperation versus competition perspective
☐ describe geopolitics and its relationship with globalization
☐ describe functions and objectives of the international organizations that facilitate trade, including the World Bank, the International Monetary Fund, and the World Trade Organization
☐ describe geopolitical risk
☐ describe tools of geopolitics and their impact on regions and economies
☐ describe the impact of geopolitical risk on investments

International Trade

The candidate should be able to:

☐ describe the benefits and costs of international trade
☐ compare types of trade restrictions, such as tariffs, quotas, and export subsidies, and their economic implications
☐ explain motivations for and advantages of trading blocs, common markets, and economic unions

Capital Flows and the FX Market

The candidate should be able to:

☐ describe the foreign exchange market, including its functions and participants, distinguish between nominal and real exchange rates, and calculate and interpret the percentage change in a currency relative to another currency
☐ describe exchange rate regimes and explain the effects of exchange rates on countries' international trade and capital flows
☐ describe common objectives of capital restrictions imposed by governments

Exchange Rate Calculations

The candidate should be able to:

□ calculate and interpret currency cross-rates

□ explain the arbitrage relationship between spot and forward exchange rates and interest rates, calculate a forward rate using points or in percentage terms, and interpret a forward discount or premium