

## COMMON CONTENT FOR ECON 2020: PRINCIPLES OF MACROECONOMICS

### *Background*

The Department of Economics is accountable for the content of each of the core courses including the Principles of Macroeconomics course (ECON 2020). This means that we require a common content in each of the Principles courses taught. In addition, the Principles of Microeconomics (ECON 2010) is a pre-requisite for the Principles of Macroeconomics, and so instructors may presume that students have mastered the analysis of Demand and Supply, and Market Equilibrium, prior to taking The Principles of Macroeconomics.

The *minimal* required content of the EC2020 course is shown below. An instructor, new to the teaching of this course, might merely follow the outline of any standard economics text, as any of these will contain the content requirements listed below. The Department is, however, aware that instructors teaching this course are likely to have a comparative advantages in specific areas (e.g. growth, monetary policy, etc.), which would enable the student to have an enriched experience, in addition to absorbing the required content. Additionally, more experienced instructors might wish to employ numerous anecdotal illustrations acquired over the years, to focus on an in-depth understanding of the relatively narrow content given below. The following core concepts may be covered in any sequence that the instructor finds most effective.

#### *Required Content of the Principles of Macroeconomics Course (ECON 2020)*

1. There are limitations to the production of goods and services by a country (the production possibility frontier).
2. The use of GDP to measure the well-being of a country and the limitations to its use.
3. Unemployment, inflation and GDP growth fluctuate during the business cycle.
4. An economy may be out-of-equilibrium in the short-run so that a country's GDP fluctuates (business cycles).
5. Monetary and fiscal policy can be used to influence both the depth and the duration of the business cycle.
6. The Federal Reserve System and the banking sector jointly determine the stock of money.
7. There is a linkage between the money supply and inflation.
8. The determinants of a country's long-run GDP growth (the effect of savings and investment, and productivity, on growth)
9. In an open economy, the flows of goods and services, investment and financial capital are interrelated.
10. Exchange rates reflect both relative prices and relative purchasing power between countries.

(adopted 16 April 2002)