



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
CANADA

COMPTABLES  
PROFESSIONNELS  
AGRÉÉS  
CANADA

CPA PREPARATORY COURSES

# SYLLABUS

## Non-core Courses

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# Economics

## Course description

Both microeconomics and macroeconomics play a role in business decisions and strategy formulation. Whether formulating strategy at the functional, business, or corporate level, professional accountants must have a basic understanding of economics and the impact it has on business.

This course introduces microeconomics and macroeconomics as the basis for making smart choices in life as consumers, businesspeople, investors, and informed citizens judging government policies.

## Prerequisites

None

## Resources

Cohen, Avi J., *Microeconomics for Life: Smart Choices for You*, Second Canadian edition

Cohen, Avi J., *Macroeconomics for Life: Smart Choices for All?*, Second Canadian edition

## Course objectives

Upon completion of this course, you will be expected to have gained basic knowledge in microeconomics and macroeconomics as follows.

Microeconomics focuses on a cost/benefit analysis of all decisions. Topics include gains from trade, how prices coordinate choices, the roles of competition and monopoly, efficiency/equity trade-offs, government versus market failures, environmental policies, and income/wealth distributions.

Macroeconomics focuses on the performance of market economies. Topics include GDP, economic growth, business cycles, unemployment, inflation, money and the Bank of Canada, exchange rates, government deficits, the national debt, globalization, and trade policy.

## Required readings

The required readings contain all of the readings for the microeconomics chapters and the macroeconomics chapters. To avoid confusion with microeconomics chapters, macroeconomics chapter numbers have a 0 in front — for example, Chapter 1 is in microeconomics and Chapter 01 is in macroeconomics.

### Unit 1 — Microeconomics

- Chapter 1: What's in Economics for You? Scarcity, Opportunity Cost, Trade, and Models
- Chapter 2: Making Smart Choices: The Law of Demand
- Chapter 3: Show Me the Money: The Law of Supply
- Chapter 4: Coordinating Smart Choices: Demand and Supply
- Chapter 5: Just How Badly Do You Want It? Elasticity
- Chapter 6: What Gives When Prices Don't? Government Policy Choices

### Unit 2 — Microeconomics

- Chapter 7: Finding the Bottom Line: Opportunity Costs, Economic Profits and Losses, and the Miracle of Markets
- Chapter 8: Pricing Power: Monopoly to Competition and In Between
- Chapter 9: Pricing for Profits: Marginal Revenue and Marginal Cost
- Chapter 10: When Markets Fail: Natural Monopoly, Gaming, Competition, and Government
- Chapter 11: Acid Rain on Others' Parade: Externalities, Carbon Taxes, Free Riders, and Public Goods
- Chapter 12: What Are You Worth? Inputs, Incomes, and Inequality

### Unit 3 — Macroeconomics

- Chapter 05: Are Your Smart Choices Smart for All? Macroeconomics and Microeconomics
- Chapter 06: Up Around the Circular Flow: GDP, Economic Growth, and Business Cycles
- Chapter 07: Costs of (Not) Working and Living: Unemployment and Inflation
- Chapter 08: Skating to Where the Puck is Going: Aggregate Supply and Aggregate Demand

## Unit 4 — Macroeconomics

- Chapter 09: Money is for Lunatics: Demanders and Suppliers of Money
- Chapter 010: Trading Dollars for Dollars? Exchange Rates and Payments with the Rest of the World
- Chapter 011: Steering Blindly? Monetary Policy and the Bank of Canada
- Chapter 012: Spending Other's Money: Fiscal Policy, Deficits, and National Debt
- Chapter 013: Are Sweatshops All Bad? Globalization and Trade Policy

Note: Chapters 01 to 04 of Macroeconomics are not covered in this course.