

DETAIL OF COURSES

PRINCIPLES OF MICRO ECONOMICS

Objectives:

Microeconomics studies the behavior of specific economic units that make up the economic aggregates. Microeconomics is the subject matter of this course explaining the behavior of specific economic units. The main focus will be on theories of consumption, production, distribution and role of the government. Topics include demand, supply, household behavior and consumer choice, the cost structure of the firms, market structures, market failures and externalities, economic regulations and Good governance. The course will rely heavily on graphical analysis and simple numerical calculations.

Introduction to Economics:

Studying Choice in a World of Scarcity :The No-Free-Lunch Principle , The Cost-Benefit Principle , Reservation Prices , Economic Surplus , Opportunity Cost , The Role of Economic Models , To What Extent should an Activity be Perused , Micro Economic Versus Macro Economics , Economic Naturalism , Positive Versus Normative Economics , Some common Pitfalls for Decision Makers , Conclusion.

Consumer Behaviour:

Cardinal Approach/Utility Analysis, Marginal Utility, Law of Diminishing Marginal Utility, Law of Equi-Marginal Utility, Consumer Equilibrium
Ordinal Approach of Consumer Behavior, Indifference Curves, Features of Indifference Curves, Budget Line, Consumer Equilibrium, Comparison between two approaches Conclusion.

Demand & Supply:

Demand Function, Law of Demand, Shift in Demand, Change in Demand
Factors Affecting Demand, Supply Function, Law of Supply, Changes in
Supply Price Equilibrium, Market Equilibrium.

Elasticity of Demand & Supply:

Price Elasticity of Demand & Supply, Point Elasticity of Demand & Supply
Arc Elasticity of demand & Supply, Income Elasticity of Demand & Supply,
Cross Elasticity of demand & Supply, Conclusion.

Efficiency and Exchange:

Market Equilibrium and Efficiency, Economic Surplus, the Cost of Preventing
Price Adjustments, Taxes and Efficiency, Conclusion.

The Theory of production & Theory of Cost:

The Production Function , Total, average and marginal product, Laws of
Returns to Scale , Short run Theory of Cost , Seven family cost curves,
Relationship between Production and Cost Curves . Long-run Theory of Cost:
Graphical Representation of Long Run Cost Economies, Diseconomies and
Constant Returns to Scale.

Market Structure:

Perfect Competition vs. Pure Competition, Different Possibilities of SR firm
Equilibrium, Profit Maximization in the Short-run and long-run

Monopoly: Short run and Long run Equilibrium under Monopoly. Conclusion
(Comparison of both) Imperfect Competition: Monopolistic Competition, Price
and output determination in monopolistic competition , Comparison perfect
competition with monopolistic competition Oligopoly: Definition, Strategic
behavior and game Theory, Price Rigidity and the kinked demand curve,
Conclusion (Comparison of both) Labor Markets

The Market Demand for Labor, Supply of labor, Shifts in the market
demand for and supply of labor, Inefficiency wages, monopsony

Textbooks & Supplies:

1. Mankiw, "Principles of Economics" 7th Edition, (2008), Southwest Publishers

2. Miller, R. L –Economics Today-14th Edition (2005) Addison Wesley

Supplementary Material:

Samuelson Nordons –Economics -18th edition (2004), McGraw-Hill, Inc.

McConnell and Bruce-Principles of Economics -17th Edition, (2006), McGraw-Hill.

PRINCIPLES OF MACROECONOMICS

Objectives:

The course is designed for the beginners with no formal background or little acquaintance with economics. The objective is to give the students with a clear understanding of the basic concepts, tools of analysis and terminologies used in macroeconomics. The teacher is expected to draw examples from the surrounding world to clarify the concepts.

Course Contents:

Introduction:

The economy in aggregate, Complexities of the world of business, Scope of macroeconomics, Brief account of classical and the development of macro-economic after the World War-II, Concept of business cycles: Boom and Depression, three concerns of macroeconomics, Inflation, GDP growth and unemployment, Macroeconomic variables and their mutual relationship, Macro-models as abstraction from the real economy.

National Income:

Definition and concept of national income, Measures of national income: Gross Domestic Product (GDP) and Gross National Product (GNP), GDP at factor cost and at market prices, Computation of national income: Product, Income and Expenditure approaches, Circular flow of income, Nominal versus Real income, Per capita income and the standard of living.

Components of Aggregate Demand:

The Concept of Open and closed economy models, Concept of aggregate markets: Product, Money, Labor and Capital markets, Components of aggregate demand: Consumption, Investment and Government spending, Income and expenditure identities. Money and Monetary policy, Fiscal Policy.

Recommended Texts:

1. Mankiw, G—Principles of Economics- latest edition.
2. Samulson and Nordrons - Economics –latest edition

Additional Texts:

1. Parkin, Michael - Macroeconomics, latest edition
2. Miller, R.L.— Economics Today – latest edition

INTERMEDIATE MICROECONOMICS

PRE REQUISITE: Principles of Microeconomics

Objectives:

The course seeks to provide an understanding of the core economic models for the analysis of decisions by consumers, markets and firms. It would provide some illustrations of the applications of some models to contemporary issues in economics. It also emphasizes upon the welfare concept in economics.

An introduction to Economic models:

Optimization techniques, Constructing a model, Optimization and equilibrium,

Utility:

Constructing a Utility Function, Maximization of function of one variable Functions of several variables, Constrained maximization, utility maximization Axioms of rational choice, Utility, Indifference curves and marginal rate of substitution Utility functions for specific preferences, Utility maximization: optimization principle Indirect utility function, Income and substitution effects, Demand relationship among goods Demand functions, Changes in income, Changes in goods price, Individual demand curve Compensated demand curve, Mathematical development response to price changes, Consumer surplus revealed preferences, Substitutes and complements Substitutability with many goods composite commodities.

From Individual to Market Demand:

The Inverse Demand Function, the Elasticity of a Linear Demand Curve Elasticity and Demand, Elasticity and Revenue, Elasticity and Marginal Revenue.

Supply:

Market supply, Market equilibrium, Effect of tax Taxation with Linear Demand and Supply Passing along a Tax, Consumer and producers' burden of tax, deadweight Loss of a Tax.

Production function:

Marginal productivity, Iso quant maps and the rate of technical substitution Returns to scale, the elasticity of substitution, Cost functions Cost functions and the shifts in the cost curves, Short run long run distinction, Profit maximization.

Firms:

The nature and behavior of firms, Profit maximization, Marginal revenue, and short run supply by a price taking firm, Profit functions, Profit maximization and input demands.

Monopoly:

Linear Demand Curve and Monopoly, Markup Pricing, The Impact of Taxes on a Monopolist, Inefficiency of Monopoly, Deadweight Loss of

Monopoly, Price Discrimination, First Degree Price Discrimination, Second-Degree Price Discrimination, Third-Degree Price Discrimination

Oligopoly:

Choosing a Strategy, Quantity Leadership, the Follower's Problem, the Leader's Problem Price Leadership Comparing Price Leadership and Quantity Leadership, Simultaneous Quantity Setting Cournot Equilibrium, Simultaneous Price Setting, Collusion.

Game theory:

Basic concepts, Nash equilibrium, Existence of Nash equilibrium, the prisoners dilemma, A two period game, Pricing in static games, Entry exit and strategy, Games of incomplete information.

The Edge Worth Box:

Trade, Pareto Efficient Allocations, Market Trade, The Algebra of Equilibrium Walras' Law, Relative Prices, Equilibrium and Efficiency, Pareto Efficiency, Social Welfare Functions Welfare Maximization, Individualistic Social Welfare Functions, Fair Allocations.

Textbooks:

- 1) Intermediate Microeconomics: A Modern Approach, 7th Edition by Hal R. Varian.
- 2) Microeconomics by Pindyck and Rubinfeld 8th Edit.
- 3) Microeconomic theory Basic Principles and Extensions, 9th Edition by Nicholson, W.

INTERMEDIATE MACROECONOMICS

PRE REQUISITE: Principles of Macroeconomics

Reading Material:

Textbook:

1. Mankiw, N. Gregory (2013). Macroeconomics. 8th Edition, Worth Publishers.
2. *Supplementary Texts*
3. Abel, Andrew, B., Bernanke, Ben S. & Croushore, D. (2010). Seventh Edition. Addison-Wesley.
4. Williamson, Stephen D. (2010). Macroeconomics. 4th Edition, Prentice Hall.

And other readings and handouts, as required.

Topics and Chapters to be Covered:

A. INTRODUCTION TO MACROECONOMICS

- 1. The Science of Macroeconomics (Mankiw Ch#1, ABC Ch#1, Williamson Ch#1)**
 - 1.1 What Macroeconomists Study
 - 1.2 How Economists Think

- 2. The Data of Macroeconomics (Mankiw Ch#2, ABC Ch#2, Williamson Ch#2)**
 - 2.1 Measuring the Value of Economic Activity: Gross Domestic Product

 - 2.2 Measuring the Cost of Living: The Consumer Price Index

 - 2.3 Measuring Joblessness: The Unemployment Rate

 - 2.4 From Economic Statistics to Economic Models

- 3. National Income: Where it comes from and Where it Goes? (Mankiw Ch#3, ABC Ch#3, Williamson Ch#4)**
 - 3.1 What Determines the Total Production of Goods and Services?

 - 3.2 How Is National Income Distributed to the Factors of Production?

 - 3.3 What Determines the Demand for Goods and Services?

 - 3-4 What Brings the Supply and Demand for Goods and Services into Equilibrium?

B. MONEY, PRICES, AND UNEMPLOYMENT

4. The Monetary System: What it is and How it Works? (Mankiw Ch#4, ABC Ch#7, Williamson Ch#11, 16)

4.1 What Is Money?

4.2 The Role of Banks in the Monetary System

4.3 How Central Banks Influence the Money Supply

Inflation: It Causes, Effects, and Social Costs (Mankiw Ch#5, ABC Ch#7,12, Williamson Ch#18)

5.1 The Quantity Theory of Money

5.2 Seigniorage: The Revenue From Printing Money

5-3 Inflation and Interest Rates

5-4 The Nominal Interest Rate and the Demand for Money

5.5 The Social Costs of Inflation

5.6 Hyperinflation

5. Unemployment (Mankiw Ch#7, ABC Ch#3,12, Williamson Ch#17)

6.1 Job Loss, Job Finding, and the Natural Rate of Unemployment

6.2 Job Search and Frictional Unemployment

6.3 Real-Wage Rigidity and Structural Unemployment

6.4 Labor-Market Experience: The United States

6.5 Labor-Market Experience: Europe

C. THE ECONOMY IN THE SHORT RUN: ECONOMIC FLUCTUATIONS

6. Introduction to Economic Fluctuations (Mankiw Ch#10, ABC Ch#8, Williamson Ch#3)

7.1 The Facts About the Business Cycle

7.2 Time Horizons in Macroeconomics

How the Short Run and Long Run Differ

The Model of Aggregate Supply and Aggregate Demand

- 7.3 Aggregate Demand
 - The Quantity Equation as Aggregate Demand
 - Why the Aggregate Demand Curve Slopes Downward
 - Shifts in the Aggregate Demand Curve
- 7.4 Aggregate Supply
 - The Long Run: The Vertical Aggregate Supply Curve
 - The Short Run: The Horizontal Aggregate Supply Curve
 - From the Short Run to the Long Run
- 7.5 Stabilization Policy
 - Shocks to Aggregate Demand
 - Shocks to Aggregate Supply

7. Aggregate Demand I: Building the IS-LM Model (Mankiw Ch#11, ABC Ch#9)

8.1 The Goods Market and the IS Curve

8.2 The Money Market and the LM Curve

8.3 The Short-Run Equilibrium

8. Aggregate Demand II: Applying the IS-LM Model (Mankiw Ch#12, ABC Ch#11)

9.1 Explaining Fluctuations with the IS–LM Model

9.2 IS–LM as a Theory of Aggregate Demand

9.3 The Great Depression

9. Aggregate Supply and the Short-run Tradeoff Between Inflation and Unemployment (Mankiw Ch#14, ABC Ch#11, Williamson Ch#13)

10.1 The Basic Theory of Aggregate Supply

10.2 Inflation, Unemployment, and the Phillips Curve

10. A Dynamic Model of Aggregate Demand and Aggregate Supply (Mankiw Ch#15)

11.1 Elements of the Model

11.2 Solving the Model

11.3 Using the Model

11.4 Two Applications: Lessons for Monetary Policy

11.5 Toward DSGE Models

11. Classical Business Cycle Analysis: An Equilibrium Business Cycle Model (ABC Ch#10, Williamson Ch#12)

12.1 Business Cycles in the Classical Model

12.2 Money in the Classical Model

12.3 The Misperceptions Theory and the non-neutrality of Money

DEVELOPMENT ECONOMICS

Objective:

This is a first course in development economics that studies the economics of low and middle income countries. Topics include the structure of developing countries, their institutions, the policies their governments follow, the contours of poverty and inequality, and the ongoing struggles with economic growth. Apart from that it would cover theoretical foundations for different policy issues such as--What is the role of markets? Is government intervention in a market is a good thing? Do we need to be concerned about inequality? and why? What are institutions, and how do they facilitate or hinder economic development? Is development necessarily uneven, with some sectors growing and others stagnating? How do we think about the political economy of development: from voting or lobbying all the way to conflict? What are local problems and policies and what are international problems and policies?

Contents:

An overview of Development:

Historical experiences of developing countries, broad conceptual explanation of underdevelopment, comparative economic development, emerging major

issues of developing world, basic theories of growth and development, and contemporary models of underdevelopment/development.

Domestic problems and Policies:

The nexus of poverty, inequality and underdevelopment, the distribution of wealth and resources, poverty and nutrition, demographic transition, population growth; its causes and consequences, urbanization/rural-urban migrations; its causes and consequences, human capital; education, health and development, agriculture and rural development, wars and conflicts, environment and natural resources, sustainable development.

International problems and Policies:

Trade/access to factor and product markets and development, balance of payment problems, debt, stabilization policies, international shocks, foreign finance, foreign aid, international wars and conflicts, migration and remittances.

Markets and Development:

The role of markets in development, credit, financing, SME's, industrial and trade policies, land, labor and agriculture, livestock, market failure and government intervention, stabilization policies.

Institutions and Development:

What are institutions, how do they facilitate or hinder economic development? The political economy, democracy vs dictatorship, decentralization, good governance, corruption, rent seeking, ethnic conflict, gender inequality, voting and lobbying, the role of civil society.

Recommended Books:

1. Todaro, M. P. and S. C. Smith. *Economic Development*, 11th edition (2011). Palgrave.
2. Debraj Ray. *Development Economics*, (1998), Princeton University Press.

WORLD ECONOMIC HISTORY:

World Economic History: Origins of Development and Underdevelopment

Prerequisites: None

Description:

This course surveys the history of colonial expansion from the discovery of the Americas up to the colonization of the Middle East following the end of the First World War.

The course is intended to give students a chronological account of the rise of imperialism and the colonial expansion into Latin America, Asia and Africa. While emphasis is placed on social, political and economic developments within the European nations which prompted colonial expansion, the primary focus is on how the actual colonies were acquired and the subsequent changes that took place.

The course attempts to provide an essential background to understanding the historical processes by which modern developed nations became developed, and how the underdeveloped "Third World" originated as part of the same historical process.

Textbook:

The main textbook for this course is:

1. L. S. Stavrianos' *Global Rift: The Third World Comes of Age*, (New York: William Morrow and Company, 1981).