

## Economics

Course Code	Course Title	Credit Hours
ECO-1102	Principles of Microeconomics	3
ECO-1202	Principles of Macroeconomics	3
ECO-2302	Intermediate Microeconomics	3
ECO-2303	Development Economics	3
ECO-2402	Intermediate Macroeconomics	3
ECO-2403	World Economic History	3
ECO-2418	History of Economic Thought (Elective-I)	3
ECO-2419	Statistics-I (Elective-II)	3

## Semester-I

### PRINCIPLES OF MICRO ECONOMICS

ECO-1102 Cr. 3

#### **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 Behavior:**

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** –EconomicsToday-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.

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# Semester-II

## Principles of Macroeconomics

ECO-1202 Cr. 3

### 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 macroeconomic 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

# Semester-III

## Intermediate Microeconomics

ECO-2302 Cr. 3

### **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, 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 Edgeworth 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 8 edit.
- 3) Microeconomic theory Basic Principles And Extensions, 9th Edition by Nicholson, W.

# DEVELOPMENT ECONOMICS

ECO-2303 Cr. 3

## **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*, 11<sup>th</sup> edition (2011). Palgrave.
2. Debraj Ray. *Development Economics*, (1998), Princeton University Press.

**Additional Readings:**

1. Sokoloff, K. and S. Engerman (2000), "History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives*.
2. Acemoglu, D., Johnson, S. and J. Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*.
3. S. Anderson and D. Ray (2010), "Missing Women: Age and Disease," *Review of Economic Studies*.
4. K. Munshi and J. Myaux (2006), "Social Norms and the Fertility Transition," *Journal of Development Economics*.
5. J. Esteban, L. Mayoral and D. Ray (2012), "Ethnicity and Conflict: Theory and Facts," *Science*.



# Semester-IV

## INTERMEDIATE MACROECONOMICS

ECO-2402 Cr. 3

### Reading Material:

#### *Textbook:*

1. Mankiw, N. Gregory (2013). *Macroeconomics*. Eighth 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*. Fourth 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

Theory as Model Building

The Use of Multiple Models

Prices: Flexible Versus Sticky

Microeconomic Thinking and Macroeconomic Models

### 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

Income, Expenditure, and the Circular Flow

Rules for Computing GDP

Real GDP Versus Nominal GDP

The GDP Deflator

Chain-Weighted Measures of Real GDP

The Components of Expenditure

Other Measures of Income

Seasonal Adjustment

2.2 Measuring the Cost of Living: The Consumer Price Index

The Price of a Basket of Goods

The CPI Versus the GDP Deflator

Does the CPI Overstate Inflation?

2.3 Measuring Joblessness: The Unemployment Rate

The Household Survey

The Establishment Survey

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?

The Factors of Production

The Production Function

The Supply of Goods and Services

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

Factor Prices

The Decisions Facing a Competitive Firm

The Firm's Demand for Factors

The Division of National Income

The Cobb-Douglas Production Function

3.3 What Determines the Demand for Goods and Services?

Consumption

Investment

Government Purchases

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

Equilibrium in the Market for Goods and Services: The Supply and Demand for the Economy's Output

Equilibrium in the Financial Markets: The Supply and Demand for Loanable Funds

Changes in Saving: The Effects of Fiscal Policy

Changes in Investment Demand

## **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?

The Functions of Money

The Types of Money

The Development of Fiat Money

How the Quantity of Money Is Controlled

How the Quantity of Money Is Measured

4.2 The Role of Banks in the Monetary System

100-Percent-Reserve Banking

Fractional-Reserve Banking

Bank Capital, Leverage, and Capital Requirements

#### 4.3 How Central Banks Influence the Money Supply

A Model of the Money Supply

The Instruments of Monetary Policy

Problems in Monetary Control

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

#### 5.1 The Quantity Theory of Money

Transactions and the Quantity Equation

From Transactions to Income

The Money Demand Function and the Quantity Equation

The Assumption of Constant Velocity

Money, Prices, and Inflation

#### 5.2 Seigniorage: The Revenue From Printing Money

##### 5-3 Inflation and Interest Rates

Two Interest Rates: Real and Nominal

The Fisher Effect

Two Real Interest Rates: Ex Ante and Ex Post

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

The Cost of Holding Money

Future Money and Current Prices

#### 5.5 The Social Costs of Inflation

The Layman's View and the Classical Response

About Inflation

The Costs of Expected Inflation

The Costs of Unexpected Inflation

One Benefit of Inflation

#### 5.6 Hyperinflation

The Costs of Hyperinflation

The Causes of Hyperinflation

The Classical Dichotomy

The Cagan Model: How Current and Future Money Affect the Price Level

### **6. 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

Causes of Frictional Unemployment

Public Policy and Frictional Unemployment

#### 6.3 Real-Wage Rigidity and Structural Unemployment

Minimum-Wage Laws

Unions and Collective Bargaining

Efficiency Wages

#### 6.4 Labor-Market Experience: The United States

The Duration of Unemployment

Variation in the Unemployment Rate Across Demographic Groups

Transitions Into and Out of the Labor Force  
6.5 Labor-Market Experience: Europe  
The Rise in European Unemployment  
Unemployment Variation Within Europe  
The Rise of European Leisure

## **C. THE ECONOMY IN THE SHORT RUN: ECONOMIC FLUCTUATIONS**

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

7.1 The Facts About the Business Cycle  
GDP and Its Components  
Unemployment and Okun's Law  
Leading Economic Indicators  
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

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

8.1 The Goods Market and the IS Curve  
The Keynesian Cross  
The Interest Rate, Investment, and the IS Curve  
How Fiscal Policy Shifts the IS Curve  
8.2 The Money Market and the LM Curve  
The Theory of Liquidity Preference  
Income, Money Demand, and the LM Curve  
How Monetary Policy Shifts the LM Curve  
8.3 The Short-Run Equilibrium

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

9.1 Explaining Fluctuations With the IS-LM Model  
How Fiscal Policy Shifts the IS Curve and Changes the Short-Run Equilibrium

How Monetary Policy Shifts the LM Curve and Changes the Short-Run Equilibrium

The Interaction Between Monetary and Fiscal Policy

Shocks in the IS–LM Model

What Is the Fed's Policy Instrument - The Money Supply or the Interest Rate?

9.2 IS–LM as a Theory of Aggregate Demand

From the IS–LM Model to the Aggregate Demand Curve

The IS–LM Model in the Short Run and Long Run

9.3 The Great Depression

The Spending Hypothesis: Shocks to the IS Curve

The Money Hypothesis: A Shock to the LM Curve

The Money Hypothesis Again: The Effects of Falling Prices

Could the Depression Happen Again?

**10. 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

The Sticky-Price Model

An Alternative Theory: The Imperfect-Information Model

Implications 404

10.2 Inflation, Unemployment, and the Phillips Curve

Deriving the Phillips Curve From the Aggregate Supply Curve

Adaptive Expectations and Inflation Inertia

Two Causes of Rising and Falling Inflation

The Short-Run Tradeoff Between Inflation and Unemployment

Disinflation and the Sacrifice Ratio

Rational Expectations and the Possibility of Painless Disinflation

Hysteresis and the Challenge to the Natural-Rate Hypothesis

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

11.1 Elements of the Model

Output: The Demand for Goods and Services

The Real Interest Rate: The Fisher Equation

Inflation: The Phillips Curve

Expected Inflation: Adaptive Expectations

The Nominal Interest Rate: The Monetary-Policy Rule

11.2 Solving the Model

The Long-Run Equilibrium

The Dynamic Aggregate Supply Curve

The Dynamic Aggregate Demand Curve

The Short-Run Equilibrium

11.3 Using the Model

Long-Run Growth

A Shock to Aggregate Supply

A Shock to Aggregate Demand

A Shift in Monetary Policy

11.4 Two Applications: Lessons for Monetary Policy

The Tradeoff Between Output Variability and Inflation Variability

The Taylor Principle

11.5 Toward DSGE Models

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

12.1 Business Cycles in the Classical Model

The Real Business Cycle Theory

Calibrating the Business Cycle

Fiscal Policy Shocks in the Classical Model

Unemployment in the Classical Model

Household Production

12.2 Money in the Classical Model

Monetary Policy and the Economy

Monetary Nonneutrality and Reverse Causation

The Nonneutrality of Money: Additional Evidence

12.3 The Misperceptions Theory and the Nonneutrality of Money

Monetary Policy and the Misperceptions Theory

Rational Expectations and the Role of Monetary Policy

In Touch with Data and Research: Are Price Forecasts Rational?

# WORLD ECONOMIC HISTORY

ECO-2403 Cr. 3

World Economic History: Origins of Development and Underdevelopment

## **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 Worldll originated as part of the same historical process.

## **Text Book:**

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).

## **Additional readings are:**

Kuhnen, Frithjof. "Causes of underdevelopment and concepts for development. An introduction to development theories." *The Journal of Institute of Development Studies, NWFP Agriculture* 8 (1987).

Arrighi, Giovanni. "Globalization and the Rise of East Asia Lessons from the Past, Prospects for the Future." *International Sociology* 13.1 (1998): 59-77.

Findlay, Ronald, and Kevin H. O'Rourke. *Power and plenty: trade, war, and the world economy in the second millennium*. Princeton, NJ: Princeton University Press, 2007.

Stiglitz, Joseph E. *Globalization and its Discontents*. Vol. 500. New York: WW Norton, 2002.

# History of Economic Thought (Elective-I)

ECO-2418 Cr. 3

This course is designed to provide an introduction to the evolution of economic theory from its earliest formation to the present day. The focus of the course will be on developing an understanding of the interrelationships that exist between the historical environment and the economic theories used to understand this social reality. Further the course will examine how economic theories evolved in response to changes in technology, market institutions, and political structures.

The course is an introduction to the history of economic thought. The approach of the course is both historical and analytical. The development of economic thought is presented as a succession of changes in the perception of the nature of socio-economic processes. The course emphasizes the historical nature of economic theories and attempts to show how actual socio-economic phenomena shape the evolution of economic theory. The course also attempts to teach students economic theory by showing how the concepts they are taught in economics classes have evolved in time.

This course surveys the main schools in the history of the development of economic thought, beginning with the classical school of thought and the works of Smith, Ricardo, J.S. Mill, Thornton, Say, and others. It then reviews challenges to the classical school by Marx, Marginalists, and subsequent key figures like Marshall, Walras and the Neoclassicals. Economic thought associated with the early 20th century transitionalists are briefly addressed, including economists such as Wicksell, Schumpeter, Fisher, and others. Keynes and Post-1945 revisions of Keynes and Neoclassical economists and its main challenges by Friedman (Monetarism), Lucas (Rational Expectations), Real Business Cycle theorists, and Post-Keynesian thought (UK and US), will also

be briefly discussed. The course concludes with a consideration of efficient market theory and the views of its critics such as Tobin, Hyman Minsky, Shiller, and others.

Course Outline of History of Economic Thought

## **Introduction: Pre-classical Thinking about Economics:**

- A. Aristotle's question
- B. Mercantilist thought
- C. Quesnay and Physiocrats
- D. Early Pre-Classical Economic Thought
- E. Mercantilism, Physiocrats, and other Precursors

## **The Emergence of Classical Economics**

- A. Adam Smith's Wealth of Nation
- B. David Ricardo's Principles
- C. Malthus's Essay on Population
- D. Karl Marx Das Kapital



- E. The Dismal Economists: Ricardo and Malthus
- F. Economic Determinism: Karl Marx

### **The Rise of Neo-classical Economics**

- A. Subjective Utility Value Theory
- B. Jevons, Menger, Walras and Marshall
- C. General Equilibrium Economics
- D. Marginal Analysis Extended
- E. Rise of Neoclassical Thought: Alfred Marshall
- F. General Equilibrium Theory: Walras

### **The Challenge of Keynesian Unorthodox Economics**

- A. Keynes on Economic Disequilibrium
- B. The General Theory of Keynes
- C. The Keynesian Synthesis

### **The Chicago School of Economics**

- A. Lucas and Rational Expectations Model
- B. Efficient markets theory
- C. Friedman and "Chicago Boys"
- D. Becker's Human Capital

### **Heterodox Economics: Ideas from inside the Economic Vortex**

- A. Neo-Ricardian /post-Keynesian
- B. Classical and Neo-Marxian Approaches
- C. Behavioral Economics
- D. Institutionalist critique
- E. Schumpeter's views

### **The Future of Economic Thought**

- A. The End of Economics
- B. Towards a new Economics
- C. Spotting the next Shift in economic thought

### **SUGGESTED TEXT BOOKS**

"History of Economic Thought", Landreth and Colander 4th Edition.

"The Ordinary Business of Life: A History of Economics from the Ancient World to the Twenty-First Century", Roger E. Backhouse: Princeton University Press, 2002.

"An outline of the history of economic thought": Ernesto Screpanti and Stefano Zamagni, 2nd edition, 2005

E.K. Hunt, "History of economic thought": a critical perspective, 2nd updated edition, Armonk, N.Y.: M.E. Sharpe, 2002.

Ingrid H. Rima, "Development of Economic Analysis", 7th edition, London: Routledge, 2008.

# **STATISTICS –I (Elective-II)**

ECO-2419 Cr. 3

## **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.

**Additional Readings:**

1. Sokoloff, K. and S. Engerman (2000), "History Lessons: Institutions, Factor Endowments, and Paths of Development in the New World," *Journal of Economic Perspectives*.

2. Acemoglu, D., Johnson, S. and J. Robinson (2001), "The Colonial Origins of Comparative Development: An Empirical Investigation," *American Economic Review*.

3. S. Anderson and D. Ray (2010), "Missing Women: Age and Disease," *Review of Economic Studies*.

4. K. Munshi and J. Myaux (2006), "Social Norms and the Fertility Transition," *Journal of Development Economics*.

5. J. Esteban, L. Mayoral and D. Ray (2012), "Ethnicity and Conflict: Theory and Facts," *Science*.

6. Acemoglu, Daron and James A. Robinson (2006), *Economic Origins of Dictatorship and Democracy*, Cambridge University Press;

7. Basu, K. *Analytical Development Economics: The Less Developed Economy Revisited*. (Cambridge: MIT Press)

8. Thirlwall, A.P. *Growth, and Development with Special Reference to Developing Economies*. (Basingstoke: Palgrave Macmillan)