

# NATIONAL UNIVERSITY

## Syllabus Department of Economics

**One Year Master's Course**  
Effective from the Session: 2013-2014

# National University

Subject: Economics

Syllabus for One-Year Master's Course

Effective from the Session: 2013-2014

<b>Paper Code</b>	<b>Paper Title</b>	<b>Credits</b>
312201	Microeconomics	4
312203	Macroeconomics	4
312205	Development Economics	4
312207	Banking Institutions and Policies	4
<b>Optional Papers (any three of the following):</b>		
312209	Population Economics	4
312211	International Economics	4
312213	Rural Economics	4
312215	Industrial Economics	4
312217	Labor Economics	4
312218	Term Paper	2
312220	Viva-Voce	2
	<b>Total=</b>	<b>32</b>

## **Detailed Syllabus**

<b>Paper Code</b>	312201	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Microeconomics</b>			

### **Objective**

The purpose of microeconomics is to develop the students' skill in the systematic analysis of the economic aspects of business decisions and to acquaint them with some relevant analytical methods and concepts. The course covers concepts related to analysis of market as seen by producers and consumers, and relates them to production patterns, distribution of incomes and allocation of resources in the context of a market economy

### **Course Contents**

- 1. Theories of Consumer Behavior:** Assumption about utility functions. The Slutsky theorem. The theory of Revealed Preferences – weak and strong assumptions. Von Neuman method of cardinal measures of utility. Indirect utility function duality and expenditure function theory of consumption. Consumer behavior under uncertainty – risk aversion and risk premiums.
- 2. Theories of Production and Cost:** Production function – its shape and elasticity of substitution. Optimizing behavior – input demand function – cost functions. Homogenous production function – properties of Cobb-Douglas and CES production. Joint product and constrained revenue maximization. Marginalist controversy average cost pricing. Activity analysis in production. Risk in Production.
- 3. Theories of Market:** Equilibrium and stability of price – Walrasian and Marshallian conditions of stability. Comparative static equilibrium and stability. Perfect and imperfect competition – short run and long run equilibrium of a firm and industry; Monopoly and monopolistic competition – Bilateral monopoly. Oligopoly – market sharing agreements. The kinked demand curve solution. Theory of games and economic behavior – zero sum game; non-zero sum game.
- 4. Theories of Distribution and Factor Income:** Alternative distribution theories – Euler's Theorem and the adding – up controversy. Backward rising input supply curve of labor. Unions as monopolies – alternative union goals. Input in fixed supply: land – differential rents.
- 5. Programming:** Linear Programming – Simplex method of solution – Dual of linear programming – Duality theorems – Economic interpretations of duality theorems. Duality and marginal analysis.
  - Non – Linear programming – Characteristics of non – linear programming – Kuhn Tucker condition in non – linear programming – Economic interpretation of Kuhn Tucker condition – Global optimum and non – linear programming solution
- 6. Input – Output Analysis:** The structural nature of input – output table – a hypothetical example. The assumption of input – output model – the technological matrix – inverting the Leontief matrix solution model – Hawkins – Simon condition for feasible demand. Samuelson's substitution theorem. Open and closed input – output model – indecomposable and decomposable input – output model, Dynamic input – output model.

7. **General Equilibrium Analysis:** Independence among market. Walras model of General Equilibrium - Walras Law – Dichotomy between relative prices and general prices – redundancy of an equation in Walras System. Introduction of money market and real balance effect. Shortcomings of general equilibrium analysis.
8. **Welfare Economics:** Pareto optimality and efficiency under perfect competition. Efficiency under imperfect competition. External economics and diseconomics of production and consumption. Some standard theories of welfare economics – compensation criterion – Social Welfare function – Democratic group decisions. Taxes and subsidies. Theory of Second Best. The impossibility theorem. Theory of public goods.

#### Books Recommended:

1. Baumol, W. J. : Economic Theory and Operating Analysis
2. Henderson J. M. and Quandt : Micro Economic Theory
3. Koutsoyiannis, A. : Modern Microeconomics
4. Samuelson P. A. and Solow R. M. : Linear Programming and Economic Analysis
5. Malinivad, E. : Lectures on Microeconomic Theory
6. Hicks, J. R. : Value and Capital

<b>Paper Code</b>	312203	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Macroeconomics</b>			

#### Objective

The purpose of macroeconomics is to develop the students' skill in the systematic analysis of the over all economic aspects and to acquaint them with some relevant analytical methods and concepts. The objective of this course is to teach the technique of macroeconomic analysis, presenting models, which help to explain how the economy works. The course covers concepts related to analysis of macroeconomic variables as seen by the out come of producers and consumers, and relates them to policy decision. This course emphasizes the fundamental contribution of economics to understanding the issue of business performance as whole.

#### Course Contents

1. **Overview of Macroeconomics:** Basic macroeconomic concepts including Business cycle, Monitoring cycles, jobs, and the price level, potential GNP, GNP Gap, Growth, Okun's Law, Natural rate of unemployment, interaction between goods market and money market.
2. **Income Determination:** Review of classical and Keynesian income and employment theories. Theory of multiplier; Government fiscal measure and changes in multiplier as a result of Govt. tax structure, foreign trade, etc.
3. **Money Demand and Money Supply:** Theories of the demand for money - Pre-Keynesian, Keynesian, Cambridge, Baumol and Friedman's theories. Theories of the supply of money - Determinants of money supply, interest elasticity; money supply in the static model.

4. **General Equilibrium Model:** Concept and derivation of IS – LM curves and equilibrium model; Different causes of Shifts of IS curve and LM curve; Shifts of IS – LM curves and new general equilibrium; Stability of the general equilibrium.
5. **Components of Aggregate Demand and Supply:** The Consumption functions - Various hypotheses including the Absolute, Relative, Life-cycle and permanent income Hypotheses. The Investment function - Concepts of Micro Investment function – Acceleration principle. Koyck’s model and Neo-classical model.
6. **Inflation:** Demand – pull and cost – push inflation; inflation and unemployment – the Philips curve (short run and long run).
7. **The Theory of Growth:** Conceptual and measurement problems; The Harrod – Domar Model. Technological change, Neo – classical Model. Empirical findings.
8. **External Economy:** Internal and external equilibrium; causes of disequilibrium; remedies for imbalances; the Polak Model. Foreign Exchange determination, fixed and flexible exchange rate, devaluation, over-valuation and adjustment process.

**Books Recommended:**

1. Michael Parkin, Macroeconomics, 7<sup>th</sup> ed.
2. Rudiger Dornbusch & Stanley Fischer, Macroeconomics 6<sup>th</sup> ed
3. Branson : Microeconomic Theory and Policy
4. Paul A. Samuelson & William D. Nordhaus, Economics, 17<sup>th</sup> ed
5. Thomas F. Dernburg, Macro-Economics Concepts, Theories and Policies, 7<sup>th</sup> ed

<b>Paper Code</b>	312205	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Development Economics</b>			

**Objective**

The goals of this course are for every student to describe the characteristics of and the special challenges facing developing nations, explain alternative theories of economic growth and evaluate their ability to explain the growth experiences of less-developed countries. Discuss the domestic problems that developing nations face assesses the seriousness of these problems, and evaluate the effectiveness of various policies designed to deal with domestic issues. Appreciate the value of empirical evidence in expanding our knowledge within economics.

**Course Contents**

1. **Concept and Indicators of Development:**
2. **Competing Models of Economic Growth and development:** Economic Development and Transformation- Agriculture as the Basis of Industrial Development- Leis, Ranis and Fei, and Todaro Models of Dualistic Development.
3. **Agriculture and Economic Development:** Institutional Constraints on Agricultural Development- Agricultural Transformation and Rural Development.

4. **Industry and Economic Development:** Growth and Structural change in manufacturing Industry- Import Substitution and Export Promotion Strategy for Industrialization.
5. **International Trade, Industrialization and Development:** Trade as the Engine of Growth-Comparative Advantage and Free Trade-Terms of Trade Theses and Unequal Exchange-Import Substitution Vs. Export Promotion.
6. **Human Resources and Development:** Population: Economic Approaches to Population Growth as a development problem- Education: Contributions of Education to Economic Growth, Roles of Human capital in Economic development- Economic Impact of Education.
7. **Planning For Development:** Nature of Development Planning- Resource Allocation Techniques- Capital-Out-put Ratio- Benefit-Cost analysis-Planning Models: Input-output Technique- Linear Programming Model- Development Planning in Bangladesh.
8. **Financing of Economic Development:** Domestic Sources: Public and Private Savings- Deficit Financing- External sources: official Development Assistance vs. Private Foreign Investment- Multinational Corporations Debate- the Role of Foreign Aid.
9. **The Role of State in Economic Development:** Market Mechanism as an Instrument of Development- Market Failures- Roles of the State- The State and Industrial Strategy- Good Governance- Political Economy of Government Failure.
10. **Debt Crisis and Development:** The Two-gap Model-The Deb Service Problem- Dimensions of Debt Difficulties- Conditional Assistance From the IMF for alleviating the Debt Burden- Structural Adjustment Loans from the World Bank.

#### Books Recommended:

1. Thirlwal A. P. :Growth and development-Financial Economic Development
2. Todaro M. P. :Economic Development in the Third World
3. Lewis W. A : The Theory Economic Growth
4. Kindleberger C. P. : Economic Development
5. Myint H : Economic Theory and Underdeveloped countries.

<b>Paper Code</b>	312207	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Banking Institutions and Policies</b>			

#### Objective

The aim of the course is to develop a basic understanding of the financial system including its instruments: how it operates and why it plays a central role in the economy. Keeping in view the recent developments in monetary economics, this course focuses less on the theory of money and banking and more on the implications of monetary policy and financial structure for the functioning of the economy.

## Course Contents

- 1. Banks:** Bank and Historical background of Banking System.
- 2. Commercial Banks:** Changing Trend in Commercial Banking Theory: Self-Liquidating Shiftability, Anticipated Income and Liability Management Theory- Management and Internal Organization of Commercial Banks- Credit Analysis- Banks Loans- General Considerations and Classifications- Capital Structure and Capital Adequacy for a bank- Management of Bank Reserve- Portfolio Policy- Credit Programming: Its Applicability in Developed and underdeveloped Money Market- Multiple Deposit Creation and Contraction by Banks- Leakages from the Deposit Creation Process.
- 3. Central Banking:** Changing Pattern of Central Banking and Recent Trends- Formulation of Monetary Policy-The Goals and Conflict among Goals- Rules Vs. Discretion- Central Banks and Tools of Monetary management- Open Market Operations- The Discount rate- Reserve Requirements- Selective Regulations of Credit- Adequacy and inadequacy of the above Tools of Monetary Controls in a Developing Country.
- 4. Development Banks:** Problems and Possibilities- Sources of Fund- Selection of Enterprise- Investment Terms- Fostering the Capital- Entrepreneurial and Informational Services.
- 5. Specialized and Non-Bank Financial Institutions:** Roles in the Capital Markets, Specialized Banks, Leasing Companies, Investments Banks, Insurance Companies, Mortgage Markets, Sources of Funds, Money Market Mutual Funds.
- 6. Capital Markets:** Characteristics of Capital Markets, Money Markets and Financial Institutions- Development of Capital Market and Financial Institutions in Bangladesh- Overview of the Capital market and Financial sector- Debt market- Government Securities- Corporate Debentures- Stock Exchange- Investment banks- Insurance Companies, Constraints and Related Issues.
- 7. International Banking and National Monetary Policies:** The Internationalization of Commercial Banking- The Structure of International banking- Competition Regulation- The Growth of Offshore Banking.
- 8. Comparative Banking system in Selected Countries:** UK, USA, Japan and Bangladesh.
- 9. The issue in International Finance:** The Role of International Monetary Institutions- Towards a New International Monetary Development in the Last Decade- Monetary Unions- The System of Reserve Asset-s- Gold as International Money- SDR.
- 10. Nationalization of Banks and banking Reforms in Bangladesh.**

## Books Recommended:

11. Basu :Survey of Contemporary banking Trend
12. Basu :Recent Banking Development
13. Boskey : Problems and Practices of Development Banks
14. Diamond : Development Banking
15. Whittlesey : Principles and Practices of Money and banking.
16. Sen E. S. : Central banking in Underdeveloped Money Market
17. Kabir Hossain : Banking and Finance in Bangladesh

<b>Paper Code</b>	312209	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Population Economics</b>			

### Objective

This course examines the inter-relationship between population and social development with a special emphasis on economic aspects of development by drawing on theory and evidence from population studies, economics, anthropology, sociology, history and human ecology. It provides a framework for understanding the relationship between demographic factors (e.g. fertility, mortality, population structure and migration) and social policy with the objective of contributing to social development in all its manifestation such as human development, social and gender equality.

### Course Contents

- 1. Demographic Transition Theory:** Stages of Demographic Transition-Cost and benefit of an Additional Child and Demographic Transition- Summary of Some Empirical Studies- KAP Study- Intergenerational Wealth Flow- Changes in Society and Demographic Transition.
- 2. Distribution and Density of Population:** Measures of Distribution and concentration-factors Affecting population Distribution and Density- Distribution and Density of Population in Bangladesh.
- 3. Population Composition:** Measures of Age, Sex Composition- Age-Sex groups- Age Indices- Age Pyramids- Economic Characteristics- Educational Composition- Literacy Differentials and Determinants and Examples from Bangladesh.
- 4. Population Dynamics:** Fertility Measures, Determinants- An Economic Model of Family Size- Fertility Trend in Bangladesh- Mortality Measures, Determinants, Consequences- Laws and Models of Migrations.
- 5. Technical Analysis:** Life table, Stationery and Stable Population Model, Population Projection.
- 6. Population Theories:** Malthus, Optimum Population Theory- Demographic Population Theory.
- 7. Migration:** Internal and International Migration- Levels and Trends in International Migration- Theories of Migration- Causes and Effects of Migration.
- 8. Determinants and Consequences of Migration:** Demographic, Economic and Other Determinants of Migration- Migration as Redistribution of Population and Labour Market Equilibrium- Criticisms- Externalities Associated with Migration.
- 9. Urbanization:** Global Trends- Urbanization in Bangladesh.
- 10. Manpower Utilization:** Economically Active Population- Evolution of the Concept of Economically Active Population- Approaches Adopted in the Measurement of Economically Active Population- Labor Force Participation in Bangladesh- Factors affecting Labor Force Participation in Bangladesh- Occupational, Industrial and Status Distribution of Labor Force in Bangladesh-Surplus labor-Two-sector Model Forms of Underemployment- Measurement of Surplus labor- Underemployment in Bangladesh.
- 11. Interrelationship of Population with other Parameters:** Population and Resources- Economic development- Consumption and Investment- Urbanization-Environment ( With examples/applications to Bangladesh in each case)



- 12. Population Policy:** Population Problem- Policies of Population Control- family Planning in Bangladesh.
- 13. Human Resource Development:** Problems, Strategies, Policies of Human Resource Development in Bangladesh.
- 14. Population and Economic Development:** Relationship between Population Growth and Economic Development- Endogenous and Exogenous Variables- Some Erroneous Approaches- a Proper Theory- Critical Minimum Effort Thesis.

#### Books Recommended:

1. Barclay : Techniques of Population Analysis
2. Bogue : Principles of Demography
3. Encarnacion, J. : Population and Development in Southeast Asia; A Fertility Model , Discussion Paper No. 77-6, School of Economics, U.P. Diliman.
4. Todaro, M. P. : Economic Development in Third World.
5. Shryock H. S. and J. S. Siegel: The Methods and material of Demography. .
6. Hanser P. M. , M. Duncan and D. Dudley : The Study of Population
7. Raj. Hans : Fundamentals of Demography

<b>Paper Code</b>	312211	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>International Economics</b>			

#### Objective

Students will be able to discuss the major economic theories of international trade, and to analyze the economic implications of alternative trade policies. Students will be able to trace the development of the international financial architecture and of the international monetary system, and to evaluate the implications of different exchange rate regimes for domestic macroeconomic policy. Students will be able to identify major economic characteristics of selected world's regions. Students will be able to trace the origins of various processes of international (global or regional) economic integration, and to discuss their implications for the international patterns of productive specialization.

#### Course Contents:

- 1. Pure Theory of International Trade:** Ricardian Theory of comparative Cost- Haberler's opportunity Cost Theory- Heckscher-ohlin Theory of factor Endowments and International Trade-Factor Price Equalization and International Trade- Leontief Paradox- **Recent Theoretical Explanations of International Trade:** Myint Vent Surplus Theory- Lenderic Demand Oriented and Kravis Supply Oriented explanation- Technological Change and Innovation Oriented Theories of Hufbauer, Vernon-An attempt of Synthesis- Market Imperfections and International Trade Theories- Export Cartel and Commodity Agreements- Effects of Oligopoly.
- 2. Evaluation of Gains from Trade:** Terms of Trade as a measure of gains- Terms of trade and national Income in the Growth Process.
- 3. Balance of payments and Foreign Exchange markets:** Disequilibrium Defined- Adjustment through Price and Income Changes- Expenditure Reducing and switching

Policies- Elasticity and absorption Approach-a synthesis- Market for Foreign Exchange – Fixed and Floating Foreign Exchange Rates- Stability of Balance of Payments- Theory of Flexible Exchange rate- Currency Depreciation- Effects of Income and balance of Trade- Multiple Exchange rate.

4. **Commercial Policies:** Theories of Tariff and Protection Concept of Effective Protection- Nominal and Effective Rates- Methods of calculating Effective rates- Normative Aspects of Protection- Tariffs Vs. tax Subsidy policies- Optimum tariff- Non-tariff barriers to Trade- Quota Technical barriers- Distortions- Domestic Distortions- tariff Theory of Optimum Subsidy.
5. **International trade in national Income accounts:** Foreign Trade Multiplier.
6. **International Monetary System:** Problems of Liquidity- Demand for and Supply of Reserves and Adjustment- SDR- Problem of LDC and International Monetary Systems- International Financing Market- Foreign Exchange markets- Short-tem capital Flows- Euro Dollar Efficiency of International Capital Markets.
7. **Theory capital Movements:** Transfer Problem- Keynes- Ohlin Controversy- Theory of Direct Investment.
8. **Custom Union and Regional Economic Co-operation:** Theories of Custom Union- Effects of Custom Union- Prospects of Regional Cooperation among SARC Countries- Static and Dynamic Aspect of Interaction of LDC.
9. **Economic Growth and International Trade:** Trade Theory and Development- Effects of Change for Supplies and Technological Change on Volume and Terms of Trade- Rybczynski's Theorem- Immiserizing Growth-Import Substitutes- Export-led Growth Strategy- Effects of Foreign Aid on Balance of Payments and Development.

#### Books Recommended:

1. Kindlerberger C. P. : International Economics
2. Heller : International Economics

<b>Paper Code</b>	312213	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Rural Economics</b>			

#### Objective

The aim of the course is to comprehend the basic and the prior structure of the economy. Food security and sustainable development of rural areas require specialists with an integrated and multidimensional view on development process and problems in rural economy. Learner should be able to elaborate, implement and evaluate strategies and policies, adapted to the specific needs and possibilities of developing countries like Bangladesh.

#### Course Contents

1. **Rural Development:** Definition and scope.
2. **Structure of Bangladesh Economy:** Predominance of Rural Sector and its implication in the context of growth; major economic activities in the rural sector of Bangladesh.
3. **Agriculture: a) Production** – Traditional and modern agriculture; production function; scale of farming; allocation between different uses and crops; technological changes; production response to

- b) **Inputs:** Economics of irrigation and fertilizer use; input supply and distribution; agricultural credit.
- c) **Institutional structure:** Tenurial relations and allocation efficiency; land reforms; farm size policy; cooperative and collective farming.
- d) **Mode of Production:** Concept, definition and types of mode of production, relevance of mode of production for suggesting policies for rural development; current controversies on the mode of production in Bangladesh agriculture.
4. **Agriculture and Economic Growth:** Strategies for agricultural development; agricultural surplus and taxation; relationship between agriculture and rest of the economy; unemployment and underemployment in Bangladesh agriculture and its implication for growth.
5. **Rural Industries:** Problems and prospects; Service sector in rural Bangladesh.
6. **Approaches to Rural Development:** Current trend towards and participatory approach to rural development; concept of integrated rural development: a) relevant theory b) Bangladesh experience and c) some international comparisons.
7. **Rural Credit:** Need and importance; role of commercial Bank, Grameen Bank, Islamic Bank, BRDB.
8. **Rural Poverty:** Measurement, poverty alleviation programmes in Bangladesh; evaluation of government and NGO activities; study of some selected NGOs; women in rural development.
9. **Women's Empowerment:** Measurements of women's empowerment; quantitative evidence on women's empowerment; Micro credit programmes-Government and NGOs programme women's characteristics and their empowerment.

#### **Books Recommended:**

1. Alamgir : Land Reforms in Bangladesh.
2. ASA : Annual Reports
3. Asaduzzaman and Kirsten Westergaard : Growth and Development Rural in Bangladesh-A Critical Review
4. BRAC : Annual Reports
5. BRDB : Annual Reports
6. Commercial Banks : Annual Reports
7. Ganguli : Let the Grassroots Speak
8. GoB : Five Year Plans
9. Grameen Bank : Annual Reports
10. Hossain, Mosharrof : Agriculture in Bangladesh
11. Ruhul Amin : Development Strategies and Socio-Demographic Impact of Non-Governmental Organizations-Evidence from Bangladesh.
12. S. Ghatak and Ingersent : Agriculture and Economic Development, 1984
13. UNDP-Bangladesh Agriculture : Performance and Policies, Agriculture Sector Review
14. P. Streeten and R. Jolly (ed) : Recent Issues in World Development
15. Nurul Haq and Altaf Hossain : Rural Development in Historical Perspectives.

<b>Paper Code</b>	312215	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Industrial Economics</b>			

### Objective

This course aims to provide you with the analytical skills required for understanding problems in industrial economics, including applications of the key questions on the internal organization of firms to analyze various aspects of strategic interaction between firms and the determinants of industrial structure. This will provide you with the ability to apply economic models of firm behavior to analyze questions in business strategy, competition policy and regulation.

### Course Contents

- 1. Comparative Method of Studying Industrial Economic Organization**
- 2. The Size and Growth of Firms:** Determinants of Vertical Integration-Vertical Integration and Entry Barriers - Measurement of Vertical Integration-Motives for Diversification. Diversification and Competition- Measures of Diversification.
- 3. Market Structures:** Business Concentration in the Economy and Individual Market-Measurement of Concentration: Choice of Size Variable Determinants of Concentration.
- 4. Barriers to Entry:** The Theory of Entry as an Extension of Oligopoly Theory-Measuring Entry Barriers.
- 5. Market Structures and Performance:** Market Structures and Technological Innovation.
- 6. Pricing Policies of Industrial Products:** Demand Elasticity; Business Forecasting-Future Trading and Price Stabilization.
- 7. Marketing for industrial products:** Market Structures and Technological Innovation.
- 8. Government Role in Industrialisation:** Public and Private Sector Industries. Role of Government Industrialisation.
- 9. Industrial Finance:** Types of Industrial Finance - Financial Organization; Financing of Industries.
- 10. Problems of Major Industries in Bangladesh**

### Books recommended:

1. Bain : Barriers to New Competition
2. Basu : Industrial Finance in India
3. Beacham : Economics of Industrial Organization
4. Brayce : Industrial Development
5. Bye and Hewett : Applied Economics
6. Chenery and Clark : Inter Industry Economics
7. Devine : Introduction to Industrial Economics
8. Hoover : Location of Economic Activity
9. Hunt : Industrial Economics
10. Koch : Industrial Organization and Prices
11. Liccoln : New Approach to Industrial Economics
12. Ramaswamy : Industry And Labour
13. Stewart : Industrial Economics
14. Carlton and Perloff : Modern Industrial Organization
15. Martin , s. : Industrial Economics , New York, Macmillan Publishing, 1988
16. Clerkson and Miller : Industrial Organization

<b>Paper Code</b>	312217	-----	<b>Credits: 4</b>	<b>Class Hours: 120 hrs.</b>
<b>Paper Title:</b>	<b>Labor Economics</b>			

### Course Objective

This course explores how labor markets operate and how institutions shape labor market performance and outcomes from a theoretical and empirical perspective. Students will become familiar with the theories and methods used by labor economists and will have the opportunity to apply them to topics of interest and current events.

### Course Content

1. **Introduction to Labor Economics:** Some Basic Concepts: -labor force participation: concept, measurements, trends, the earnings of labor, how the labor market works, the demand for labor, the supply of labor, the determination of wage.
2. **Labor Demand:** profit maximization and labor demand, short-run demand for labor when both product and labor markets are competitive, labor demand in the competitive markets when other inputs can be changed
3. **Labor Supply:** Labor force participation, The Neoclassical theory of labor supply and the analysis of labor/ leisure choice; Labor supply model with household production and within family; Life-cycle aspect of labor supply; Empirical aspects of labor supply
4. **Education and Human Capital:** -The theory of human capital, Education, training and life-cycle earnings, Demand for higher education, Education as a signaling device, Returns to education
5. **Unions and Collective Bargaining:** The Right-to Manage Model, Efficient contracts model, Activities and tools of collective bargaining, The effects of union on wage and employment.
6. **Unemployment & Inequality in Earning:** Types of Unemployment, the Classical and Keynesian view, the inflation unemployment trade-off, Nominal and Real Rigidities, Inequality in earning.
7. **Institutions and Labor Market:** The legislation of minimum wage and its effect, The effects of employment protection, Taxation on labor income
8. **The Labor Market of Bangladesh:** Labor force and employment in Bangladesh; Formal and informal sector employment, Wage determination, Market policies

### References

1. Borjas, G. 2002. *Labor Economics*, 2<sup>nd</sup> edition, McGraw-Hill, Boston.
2. Cahue, P. and A. Zylberberg. 2004. *Labor Economics*, MIT Press.
3. Ehrenberg, R. and R. Smith. 2008. *Modern Labor Economics: Theory and Public Policy*, 10<sup>th</sup> edition, Addison Wesley.
4. Ashenfelter, O. et al (eds.), 1999. *Handbook of Labor Economics*.

5. Khuda, B. 1979. "Estimation of Potential Supply of Labour in a Rural Agrarian Society", *The Bangladesh Development Studies*, Vol. VII, No.1, Dhaka.
6. Khuda, B. 1979. "Measurement of the Economically Active Population: An Alternative Approach", *The Bangladesh Development Studies*, Vol. VII, No.4, Dhaka.

<b>Paper Code</b>	312218	-----	<b>Credits: 2</b>
<b>Paper Title:</b>	Term Paper		

<b>Paper Code</b>	312220	-----	<b>Credits: 2</b>
<b>Paper Title:</b>	Viva-Voce		