

ECON1009: Introduction to Economic Thinking

Course Description: This course introduces students in the first year to thinking like economists. Students will be encouraged to read and write critically, and to give presentations in front of their peers. This means going beyond the mathematical tools developed in the other first year courses and developing a deeper understanding of the basic principles of economics and their applications. In particular, students will learn how to use important concepts like opportunity costs or compensating differentials in the context of everyday events rather than just in a numerical problem-solving setting. Students will gain experience in writing like an economist, presenting their work, and working in teams to analyse real world problems.

ECON 1002: APPLIED ECONOMICS

COURSE DESCRIPTION

This course is about the analysis of data within economics, and the interpretation of empirical results. More specifically the course aims are to:

- Provide an introduction to the application of economic theory to data
- develop an understanding of simple and commonly used econometric techniques
- Impart an ability to understand and interpret results both statistically and economically
- Introduce You to widely used software in applied economics (STATA)

OBJECTIVES OF THE COURSE

At the end of the course, students should be able to:

- Design simple econometric strategies to test relationships suggested by economic theory
- Understand the statistical theory behind linear regression techniques
- Test these relationships and estimate their empirical magnitude in the data using simple econometric packages
- Understand and interpret these results and their relevance to the related economic Problem

ECON1004: INTRODUCTION TO MATHEMATICS FOR ECONOMICS

ECON1010: MATHEMATICS FOR ECONOMICS (First term)

Aims

To provide students with the mathematics to take them from GCE A level standard to that required for the remainder of the economics degree.

Objectives

At the end of the course, students should:

- (i) understand elementary matrix algebra in a form suitable for application to econometrics and optimisation;
- (ii) understand calculus of several variables, including optimisation of functions of several variables, and be able to apply their knowledge to simple economic problems;
- (iii) understand simple first order differential and difference equations and be able to apply their knowledge to simple problems in economic dynamics.

Outline Syllabus

Vectors, linear dependence and independence. Matrix algebra. Systems of linear equations, Gaussian elimination, reduction to echelon form. Inverse of a matrix. Determinants. Quadratic forms.

Calculus of several variables: differentiation, constrained optimisation, applications to consumer theory and production theory. First-order differential and difference equations.

ECON1003: Statistical Methods in Economics

Overview

This course will provide an introduction to probability and statistics for first year economics students, and is compulsory for first year single-honors Economics (L100 & L101), ECON/GEOG (LL17), ECON/PHIL (VL51), and ESPS Economics Specialist students only. The course will equip students with a fundamental basis of understanding in probability and statistics essential for studying economics.

ECON1008: INTRODUCTION TO MATHEMATICS FOR ECONOMICS II **ECON1010: MATHEMATICS FOR ECONOMICS (Second term)**

Aims

To consolidate the mathematics background needed for the rest of the degree programme at a level appropriate for economics specialists.

Objectives

At the end of the course, students should:

- (i) understand constrained optimisation including interpretation of Lagrange multipliers, envelope theorems and inequality constraints and be able to apply their knowledge to economic models;
- (ii) understand harder first-order and linear second-order differential and difference equations and be able to apply their knowledge to economic models;
- (iii) understand linear and non-linear systems of differential and difference equations and be able to apply their knowledge to economic models.

Outline Syllabus

Constrained optimisation: meaning of Lagrange multipliers, envelope theorems, inequality constraints and the Kuhn-Tucker theorem.

Mean value theorem, l'Hôpital's rule, Taylor's theorem. The circular functions. Complex numbers.

Harder first-order differential equations: solution by integrating factor, Bernoulli's equation. Linear second-order differential and difference equations.

Eigenvalues and eigenvectors. Linear systems of difference and differential equations, stability of stationary solutions. Nonlinear systems of differential equations: linearisation, stability of stationary solutions.

Econ1005 world economy

Overview

The modern world is truly interconnected and most social and economic challenges do not stay within national boundaries but are global. This course looks at five aspects of the globalised world we live in:

International trade flows, international financial flows, cross-border migration flows, global environmental flows and international health challenges. Policy making becomes increasingly challenging within such interconnected environments and it has been argued that the institutional structures in place are not anymore able to cope with these 21st century challenges.

The above phenomena are discussed by different disciplines within and outside the social sciences.

The course discusses the topics initially from an economist's viewpoint but we regularly acknowledge their interdisciplinary dimensions. We also reflect on institutional structures for policy making and issues in global governance.

Each of the five lecture topics is approached in a similar way. We focus on:

- Comparative empirical regularities to describe the global economy in the 21st century.
- Economic history to understand how the status quo has emerged.
- Basic economic ideas and tools, which are useful to analyse the questions of interest.
- The current policy debate and issues in global governance and policy coordination.
- Appropriate institutional settings to deal with such 21st century challenges.

The course puts a particular emphasis on the use of different types of reading materials. We will use easy-to-read academic articles and book chapters as well as policy reports and newspaper articles. In addition you will be asked to read a recent 'popular economics book'. This will communicate and critically discuss the main line of argument from the book.

ECON1006 History of Economic Thought

Aims:

This module provides students with an opportunity to participate in the revival of interest in the history of economic thought which is now occurring in response to the current financial and economic crisis.

- The module will accordingly relate the study of economic ideas of the past to current debates and discussions on the unfolding events of the present.
- The module will show how reassessing the ideas of the past provides a unique opportunity to think 'outside the box' and address economic issues which had become unfamiliar within economic theory as it has existed in recent times.
- The module will show how the history of economic thought not only provides an introduction to the study of economics, but is also a fundamental aspect of the formulation of economic ideas which can adequately address the issues of the present.
- The module will acquaint students with carefully chosen selections from some classic texts of economic thought which they will be able to cite throughout their student career and beyond.
- The module will have strong career relevance, in providing students with the ability to engage in informed discussion with specialists and non-specialists alike on issues currently receiving widespread attention in the media and public debate generally.

Objectives:

On completing this module, students will have gained:

- an understanding of the context of the original formulation of some fundamental analytical methods and theoretical concepts in use by economists today;
- an understanding of the changing context of the application of these methods and concepts in subsequent periods up to the present;
- an understanding of the applicability or otherwise of these methods and ideas in relation to the specific characteristics of the world economy today;
- an acquaintance with some classic texts of economic thought and an ability to cite them in their application of economic analysis;
- an ability to think critically about the limits of economic analysis in a broader socio-economic context;

- an awareness of the relation of economics to other social science disciplines;
- an ability to bring their awareness of the history of economic ideas to bear on their assessment of wider economic discussions and debates on economic affairs of topical interest today;
- an ability to engage in informed discussion with specialists and non-specialists alike on issues currently receiving widespread attention in the media and public debate generally, which will be particularly relevant in job interviews, etc.

ECON2001 : Intermediate Microeconomics

Aims: This course is designed to provide students with a rigorous grounding in the core concepts and methods of Microeconomics. At the end of the course the student should:

- (a) Understand microeconomic theory at a level appropriate for an economics graduate.
- (b) Understand how to analyse microeconomic models using appropriate techniques.
- (c) Be able to address economic phenomena using these models and techniques.

Course Outline and Syllabus

Term 1:

1) Games in Strategic and Extensive Form: Cowell Chapter 10

- a) Strategic forms, dominance, Nash equilibrium.
- b) Extensive forms, backwards induction and subgame perfection.

2) Oligopoly and Monopoly: Cowell Chapters 10, 3

- a) Static models of oligopoly: Cournot, Bertrand and differentiated product competition; auctions.
- b) Dynamic models of oligopoly: Stackelberg, commitment and collusion
- c) Monopoly

3) The Perfectly Competitive Firm: Cowell Chapters 2 and 3

- a) Production functions, Cost Functions, Input Demands.
- b) Scale and Homogeneity, Duality, LR and SR costs

4) Adverse Selection: Signalling and Hidden Information: Cowell Chapter 11.

- a) Lemons and signals in insurance models.
- b) Screening and product provision.
- c) Non-Linear Pricing

5) Incentives and Moral Hazard: Cowell Chapter 11 and 12

- a) Principals and Agents
- b) Incentive compatibility and individual rationality
- c) Providing incentives for workers.

6) Designing Economic Systems: Cowell Chapter 12

Term 2:

6) Consumer Demand: Cowell Chapter 4

- a) Budget constraints
- b) Revealed preference
- c) Preferences and utility, duality
- d) Consumer surplus and price indices

7) Demand with endowments: Cowell Chapter 5

- a) Labour supply
- b) Intertemporal choice

8) Uncertainty: Cowell Chapter 8

9) General equilibrium: Cowell Chapter 6 and 7

- a) Exchange equilibrium
- b) Equilibrium with production
- c) Welfare theorems

ECON 2007: Quantitative Economics and Econometrics Term 1, Fall 2015

Aim:

To provide students with a thorough understanding of core techniques of quantitative economics and econometrics and their application to test economic theories and measure magnitudes relevant for economic policy. The course serves as a foundation for subsequent study of quantitative topics, and as one of the key elements in the professional training of an economist. The main focus will be on econometric methods that are useful to analyze individual level cross sectional data using OLS regression techniques.

Objectives:

At the end of the module, students should:

- Understand the main techniques (most importantly, OLS regression) of quantitative economics and econometrics, including their strengths and limitations
- Understand how these techniques can be applied to test economic theories and measure economic magnitudes
- Have some practical experience of the application of econometric methods using Stata

ECON3007 ECONOMIC POLICY ANALYSIS

Course Aims and Objectives

<p>Aim:</p> <p>The course aims to provide final year students with the opportunity to explore the way in which economic theory and evidence can be used to analyse topical policy issues. The course should be of particular value to students who intend to work as professional economists in government departments or other agencies, where they will be expected to provide economic analysis and advice on specific issues of policy, including new and unfamiliar issues about which textbooks say very little.</p>	<p>Objectives:</p> <p>At the end of the course, students should:</p> <ul style="list-style-type: none"> • Have an understanding of the application of economic theory and empirical methods to issues in current economic policy analysis. • Have had the experience of analysing a complex and unfamiliar issue, drawing on their knowledge of economic theory and methods, and on a range of relevant research and policy papers, without being able to rely on comprehensive textbook treatments. • Be able to write cogent and well-argued analyses of a number of aspects of the issues they have studied, making appropriate use of both theory and empirical evidence. • Be able to cooperate with other class members to produce a coherent team-presentation.
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Course Content

The course aims to allow final year students to share in the policy-oriented research activity of members of the department. Many members of staff are involved in policy research, and in advice to government departments (in the UK and abroad), the European Commission, the Low Pay Commission, the World Bank, etc. This policy-related research activity is reflected in the sessions offered. Equally, students taking the course are expected to come to terms with concepts, theory and empirical work at the level at which the policy discussion between academic economists and government policy-makers is typically conducted.

The seven economic policy issues that the course will address in 2014-2015 are:

1. **Pensions and Public Policy** – [redacted]
2. **Migration** – [redacted]
3. **Unemployment Insurance** – [redacted]
4. **Empirical Evidence and Tax Policy Design** – [redacted]
5. **Performance Pay in Education** – [redacted]
6. **TBA**
7. **Minimum Wages** – [redacted]

ECON 3002: Microeconometrics

Aims and Objectives

The main aim of this course is to develop a knowledge on the econometric methods that are useful to analyze individual level data (microdata).

The use of microdata has become common in the empirical work in economics since microdata analyzed by appropriate econometric tools can empirically answer numerous economic questions. With a particular focus on the cross-sectional and panel microdata, this course covers various extensions of regression models to nonlinear model and basic nonparametric econometric methods that are useful for policy evaluation. Topics to be covered are selected from the perspective of (a) Individual's choice and (b)

heterogeneities in policy impact. Related to these keywords, the lectures are designed for answering the following questions,

(a) What are the useful econometric techniques when the dependent variable is discrete or observed choice?

(b) What is the econometric framework to measure the policy impact when the policy impact is heterogeneous over the individuals?

ECON2004 Part 1/ ECON2005 / ECON2005A: Macroeconomic theory and policy 2015/16

This term's topic is closed-economy macroeconomics. The course is structured around a number of questions:

- what causes business cycles?
- what should policy do to smooth the business cycle, and what can it do?
- what determines the natural rate of unemployment, and what can policy do to change it?

The course will equip students with the theoretical models they need to understand contemporary debates about economic policy.

ECON3003 Econometrics for Macro and Finance

Course Description

The aim is to introduce students to econometric techniques used in the analysis of macroeconomic and financial data. The first part of the course will focus on macroeconomic applications and use dynamic linear regression techniques to make causal inference and do forecasting of macroeconomic variables. The second part will consider financial applications and introduce some basic asset pricing models and volatility models used in finance; the econometric methods required in order to take these models to data are covered.

While the course will focus on applications, econometric models and techniques will be used throughout. A good understanding of statistics and econometrics is therefore required in order to do well in this course.

By the end of the course, students will have learned how to apply standard econometric techniques to answer quantitative questions in macroeconomics and finance. Students will also learn how to conduct empirical analysis using the econometric software package STATA.

ECON2004: Macroeconomic Theory and Policy: The Open Economy and Crises

ECON2004 Term 2

Course Outline Lecture on Thursday

1

Topic

Introduction

- ☐ Globalization in trade and capital markets
- ☐ Macro policy making in the open economy
- ☐ Open economy elements of crises

2

Model-building: financial markets, exchange rates and the UIP condition

Supply-side, demand-side and real exchange rates

Model-building:

The medium-run model in the open economy (AD-ERU model)

3

Inflation-targeting in the open economy

Model-building:

Extending the inflation-targeting model to include the foreign exchange market (3-equation model)

4

Inflation-targeting, exchange rate overshooting & volatility

Model-building:

Using the 3-equation model

5

The real exchange rate, external balance and the demand side

Model-building:

Competitiveness, multipliers, Marshall-Lerner condition, terms of trade

ECON3004: International Trade

Course Description: The aim of this module is to introduce the tools used by economists to analyse patterns of international trade and to study international trade policy. We will consider the main models of international trade as well as empirical tests of these models. Finally we will look at how policy instruments like tariffs, quotas and subsidies affect a country's welfare.

In this module, we will rely on formal economic modelling to help us understand past and current events in the world economy. Therefore, it is imperative that you are not only familiar with the microeconomics tools and models from Econ1001 and Econ 2001, but that you also feel comfortable using and manipulating them. If you are taking this module, I will assume this to be the case. If you do not feel absolutely comfortable with these tools, I strongly urge you to review the Econ1001 and Econ2001 material early on in the term.

Econ 3012: Economics of Competition Policy

Course objective and learning outcomes

The aim of the course is to provide students with the opportunity to develop an expertise in a selection of core topics in Competition Economics and to apply what they have learnt to the analysis of competition in real world markets.

When
students

have
completed
the
course
they
should
be
able
to:

1. *Explain*,
in
writing
and
orally,
economic
ideas
and
methods
associated
with
the
course
topics
to
each.

2. *Solve*
problems
relating
to
the
course
topics,
identifying
the
appropriate
tools/methodologies
to
use,
explaining
how
the
tools
work
and
evaluating
the
relevance
or
meaning
of
solutions.

3. *Apply*
the
ideas
and

tools
covered
in
the
course
to
(at
least)
one
real
world
market
with
a
view
to
critically
assessing
the
analysis
undertaken
by
competition
authorities.

4. *Critically
assess
and
challenge*
views
of
others
in
the
literature
and
in
practical
case
studies,
building
on
material
covered
in
the
course.

5. *Work
effectively*
with
their
peers
to
develop
evidenced---based
and

well---
written
arguments
and
outputs.
When
marking
homework
and
exam
answers
we
will
be
looking
for
evidence
that
students
have
reached
outcomes
1
to
4.
The
marking
of
the
group
case
study
project
requires
evidence
of
all
5
learning
outcomes
being
met.

Experimental Economics (ECON3020) --- Spring 2015---Syllabus

Course Description:

This course is an introduction to the use of laboratory methods in economics. Much of the course will be a review of some of the more exciting things economists have discovered about markets, human rationality and human sociality through experimental inquiry. However, the course will also cover important methodological tools used in designing, running and making use of experimental data. Throughout the course you will participate in sample classroom experiments.

ECON 3013: Industrial Economics II, Dynamic Industrial Organization

Course Information

This course covers central topics of Industrial Organisation at an advanced undergraduate level. It assumes familiarity with calculus, intermediate microeconomics and game theory. For more details check the list of topics that follows.

Urban Economics: ECON3021

Course Outline

This course aims to demonstrate and explain how economists use economic theory to study cities and their development. We will study the incorporation of space into economic models and how these models are used to analyse cities.

Methodology: the course will focus on setting up a model to answer a particular question, solving the model, interpreting the model in light of the question and gaining an understanding of how to critically assess such models.

- (i). Location choice, spacial equilibrium in a simple city and extensions.
 - (a) Residential location choice and spatial equilibrium, properties, comparative statics.
 - (b) Residential location choice and spatial equilibrium with different types of consumers.
 - (c) Business location choice and spatial equilibrium.
- (ii). Housing Markets.
 - (a) Rent or Buy, present value.
 - (b) Tenure choice, housing investment, taxes.
 - (c) Two period consumer maximization in housing context.
- (iii). Diversity in cities, public good provision and optimal jurisdictions.
 - (a) Condorcet winner, single-peaked preferences, median voter theorem.
 - (b) Voting over type and level of public goods in diverse cities.
 - (c) Optimal city or city district size (jurisdiction) with diverse populations.
- (iv). Crime and social interactions.
 - (a) What are social interactions, features of social interactions, modeling social interactions.
 - (b) Social interactions in crime and variance of crime across cities.

ECON3014 - Game Theory – Syllabus

Course Description:

This course introduces models of strategic situations that involve agents with opposed interests. The aim of this course is to provide students with an intellectual framework to analyse situations in which the behaviour of agents is driven by strategic considerations and, with a set of analytical tools, to interpret a wide range of phenomena in the social sciences.

Most of the course focuses on non-cooperative game theory. The major topics covered are strategic form games, extensive form games, Bayesian games, mechanism design, and repeated games. The last lecture provides an overview of cooperative models and matching markets.

ETHICS IN APPLIED ECONOMICS (ECON 3022)

GENERAL INFO AND COURSE OUTLINE

JAN 2016

In principle, both macro-economic policy and specific project selection rely on welfare economics and its application in some form of cost-benefit analysis. This involves a mixture of positive assumptions

about how economies operate and value judgements. The course will begin by identifying the main ethical assumptions implicit in the theory of welfare economics that underlies most applied economics policy issues. The relationship between these assumptions and certain major strands of ethical theory will then be briefly discussed. The role of ethical assumptions and the relevance of the different ethical theories to some selected topics in applied welfare economics will then be analysed, such as the transition from individual preferences to aggregate social welfare, the boundaries of the society in whose welfare we are interested, and the ubiquitous problems of distributional equity.

The course will cover the nine topics listed below, each topic covered in roughly one two-hour lecture. In addition all students will be required to attend four classes. Most of the course will be given by [redacted], a philosopher who also teaches GO 52. Some contributions will be made by [redacted], an Emeritus Fellow of Balliol College, Oxford, who was the Professor of Political Economy at UCL from 1969-1975.

ECON 3015: The Economics of Growth

Overview

This course deals with a theoretical and empirical examination of income differences between countries and their growth processes. The first part of the course will examine the degree to which variation in income and growth rates among countries can be explained by variations in factor accumulation (physical capital, population growth, and human capital). The second part of the course will demonstrate the importance of variations in productivity in explaining cross-country differences in income and growth. We will explore the reasons for these differences in factor accumulation and productivity among countries. (*Prerequisites*: principles of microeconomics and macroeconomics)

Economics of Financial Markets (ECON3023)

Course objectives

The aim of the course is to provide students with a thorough understanding of core concepts and methods of financial economics. In particular, the course will cover important topics such as the role of markets and institutions as providers of liquidity, the reasons for asset price volatility, financial fragility, financial contagion.

Note that this is a course in the economics of financial markets and NOT an MBA type of course. We will study financial markets using the methods of economic theory. Some lectures may be more descriptive, but for most of the course we will use economic models to understand the functioning of markets.

ECON3016: Economics of Information

Aims:

One often encounters situations in which two agents are involved in a mutual agreement. Invariably, one economic agent has more information about a characteristic that is relevant to the agreement, than the other. In this course, we will study how agents deal with this information asymmetry by designing incentives and embedding them in contracts. We will also study the effects of information asymmetry on the prevailing market equilibrium.

Applications of the theory include insurance, labour economics, industrial economics, development, and environmental economics.

Econ 3028 – The economics of money and banking

Course objective and learning outcomes

The aim of this course is to provide students with the analytical skills needed to assess decisions and outcomes in the banking sector. By the end of the course you will be able to use your economic knowledge to independently critique problems and policy solutions in the banking sector, understanding the implications for the wider economy.

The desired learning outcomes are that on completion of the course you are able to:

1. Explain, using economic tools and real world examples, why retail banking is central to the economy and what factors affect decision-making of retail banks.
2. Critically analyse the role of government in the banking sector and evaluate different options for banking regulation.
3. Independently investigate and critically comment on a range of current debates relating to the banking sector.
4. Write clear and well-structured economic essays for a non-expert audience and critically assess the writing of others.
5. Confidently discuss and debate economic ideas with your peers. When marking homework and exam answers we will be looking for evidence that students have reached outcomes 1 to 4 in particular. Outcome 5 is explored through discussions in lectures and tutorials and a debate in tutorials but not formally assessed.

Econ3019 Course Syllabus.

Aims:

To provide students with an in depth understanding of some of the issues which are key to the understanding of public policy in developing countries, with a particular attention to health related policies. To this end, the course is structure in four large blocks: (1) Evaluation of Public Policies, (2) Public Sector Workers, (3) State capacity and Taxation, and (4) Health Policies.

Style:

The course will combine the use of economic models with empirical methods, so a good command of Intermediate Microeconomics (ECON2001) and Econometrics (ECON2007) will be required. The philosophy of the course is to explore a few issues in depth rather than giving a broad view of many issues. The material will be based on academic articles, and the student will be required to do substantial amount of reading.

Objectives:

By the end of the course, students should:

- have gained major insights on the role of public policy in promoting development
- be familiar with the methods used to evaluate public policy interventions in developing countries, and critically assess the robustness of the methodologies and findings.
- understand the economic issues regarding policy implementation in a developing country
- be familiar with the economics of improving health in developing countries

Behavioural ECONOMICS (ECON3030)

Course Description

- ☐ This course covers economic analyses of issues overlapping Psychology and Economics. The aims of the module are to give students an understanding of main hypotheses in behavioural economics and empirical evidence in their support. Evidence will be provided from both field and laboratory environments.
- ☐ The presentation of topics in the module is a combination of theory and empirical evidence.
- ☐ Students are expected to have a good background on microeconomics and econometrics.

Economics of Migration and Job Search

Aims: This subject provides students an introduction to recent developments in the migration and job search literature. Students will learn how to formulate and solve dynamic models, and apply these models to analyse a range of topics including migration, employment transitions and wage dispersion across workers. Throughout the course, analysis will be linked to the current debate on migration and other labour market policies.

Objectives: This is an optional module for Econ 3rd year students. Upon completing the course, students should:

- ☐ Have a knowledge of the basic facts about migration and the structure of labour markets.
- ☐ Apply techniques to solve problems relating to various settings of labour markets.
- ☐ Be able to evaluate and assess empirical findings and policies relating to migration, job turnover and individual's wage profiles

Econ7005 ECONOMICS OF THE PUBLIC SECTOR

Aims (of the course)

To provide students with an understanding of the economics of public goods, public expenditure and public services, and with the ability to analyse and understand key issues in this field using standard tools of theoretical and empirical economic analysis, corresponding to the level taught in core second-year economics courses.

Objectives (for students)

At the end of the course, students should:

- have a knowledge of the dimensions and functions of the public sector in at least one country, and an appreciation of the normative arguments which might define the economic borders of the state
- have a clear understanding of the economic theory of public goods, and of the problems which arise in making efficient decisions about public goods provision;
- understand the economic issues concerning various aspects of the role of the public sector in the provision of education and other public services.

SkillECON7012 – Economics of Education

Course Content

This course discusses different aspects of education policy through the lenses of economics. We will examine rigorous economic arguments and careful empirical evidence for different types of human capital policies.

ECON6002: An Introduction to Applied Economic Analysis

Objective and Overview

This is a course for non-economists. It explores topics of general interests through the lens of an economist. It should also be viewed as an introduction to the way economists think and analyse problems. Topics range from comparative advantage in international trade and exchange rate determination in international finance to income disparities between rich and poor countries, health and education, and the environment. The main objective is to familiarize non-economists with simple ideas around the notion of scarcity and opportunity cost, and to help students understand how economists view trade in an increasingly globalized world economy, financial crises, economic growth in poor and emerging market economies, income distribution, impact evaluations on investments in health and education, and externalities.

Econ 7006 – Economics of Regulation

Course objective and learning outcomes

The aim of the course is to provide the analytical skills needed to assess the case for economic regulation and to critically evaluate alternative regulatory frameworks.

The desired learning outcomes are that on completion of the course students are able to:

1. Explain, using economic tools and real world examples, why some industries are regulated and not others.
2. Critically evaluate the case for privatising a firm or industry, taking account of economic literature and real world examples.
3. Describe and evaluate in a balanced manner different forms of economic regulation, taking account of regulatory objectives and available information.
4. Investigate as part of a small team the rationale for and evolution of regulation in one utility sector and present research orally in tutorial.
5. Write clear and well-structured economic essays for a non-expert audience and critically assess the writing of others.

When marking homework and exam answers we will be looking for evidence that students have reached these outcomes as well as ensuring the quality is consistent with the Economics Department grade descriptors.

ECON6003. Money and Banking. Module outline.

This module aims to enable students to critically analyze current debates on banking and monetary issues, providing a basic understanding of:

- ☐ The principles of bank management and their changing character in recent decades.
- ☐ The role of banking in the financial system and in the wider economy.
- ☐ Banking regulation and government intervention in the banking sector.
- ☐ Theories and debates on the role and effectiveness of monetary policy.
- ☐ Monetary aggregates, exchange rates and inflation as targets of monetary policy.
- ☐ Historical experience of different monetary policies and their lessons for the present.

Econ7007 Environmental Economics

Overview

This course takes an interdisciplinary approach to discuss questions about natural resources, environmental valuation and climate change. We will apply standard economic theory to discuss current questions related to the environment but also focus on important regularities from environmental and natural science. We believe that this interdisciplinary approach is needed to adequately understand and analyse the current policy debates. In this course, you will also get hands-on experience in designing and working with computer models using the computer software Mathematica.

ECON 7001 The Economics of Labour

Aims:

1. To provide a survey of theoretical and empirical aspects of modern labour economics.
2. To provide applications, in the context of labour markets, of analytical concepts and empirical techniques taught in the core courses of the BSc Economics degree (and joint degrees).

Objectives:

After completing the course, students should be able to:

1. Describe the main characteristics of, and recent developments in, labour markets of OECD-type economies;
2. Apply basic optimisation techniques to solve stylised problems relating to labour markets;
3. Critically evaluate empirical findings of applied research in areas such as labour supply, employers' adjustments to changing demand, returns to education, unemployment, etc.

Course Outline

What follows is an outline of the main areas to be covered. It will not be possible to cover everything in equal depth and some topics may have to be omitted entirely. At the end of the

course, to assist your revision, I will indicate which, if any, sections will definitely *not* appear in this year's examination.

Econ7008 the economics of taxation

Overview

Throughout history governments have engaged in significant expenditures and a main way of meeting such expenditures is through taxation. This course provides students with a general understanding about the economics of government taxation. We discuss the main empirical regularities about government taxation, discuss some influential theoretical advances in

the
field
and
evaluate
current
and
past
tax
policies
around
the
world.
In
our
analysis
we
focus
on
the
behavioural
responses
to
a
specific
tax
design
(for
example
how
does
labour
market
participation
change
in
response
to
specific
tax
policies),
economic
efficiency,
and
the
redistributive
impact
of
tax
policies.
With
these
factors
in
mind
we

analyse
how
tax
policies
and
tax
systems
could
be
improved.
Topics
will
include
the
taxation
of
income
and
commodities,
corrective
taxation
to
improve
social
efficiency,
redistributive
taxation
(including
negative
taxation)
as
well
as
taxation
of
capital
and
inheritance.
The
topics
we
discuss
in
this
course
are
widely
debated
in
public
and
we
regularly
refer
to

this
debate.
A
particular
aim
of
the
course
is
to
link
academic
research
with
the
informed
public
debate.
In
an
e---learning
group
project
(WIKI)
we
will
practice
to
make
complex
economic
reasoning
accessible
to
a
wider
audience.

ECON7002 for 2015/16

Lecture contents:

1. Fundamental Asset Pricing Equation: simple consumption-based model

Consumption-savings decision, intertemporal marginal rate of substitution and stochastic discount factor, role of time and risk

2. Consumption choice under uncertainty

Preferences, expected utility, risk aversion, risk premia and risk sharing

3. Fundamental Asset Pricing Equation: equilibrium approach

Arrow-Debreu equilibrium, state-prices, contingent claims, market completeness, aggregate vs. idiosyncratic risk

4. Fundamental Asset Pricing Equation: no-arbitrage

Law of One Price, no arbitrage and existence stochastic discount factors, role of complete vs. incomplete markets

5. Fundamental Asset Pricing Equation: bringing it all together

Equivalence of SDF, state-prices, risk-neutral probabilities, application to termstructure of interest rates

6. Mean-Variance Approach and Beta Representation

From SDF to mean-variance efficient frontier, role of diversification, portfolio separation theorem, beta-representation

7. Factor Pricing Models and the Capital Asset Pricing and

Factor models, beta-representation, two-step estimation, derivation of CAPM and discussion of limitations, applications and generalizations CCAPM, ICAPM, APT

8. Derivatives

No-arbitrage/risk-neutral pricing, replication of forwards, options, put-call parity, binomial trees and Black-Scholes, role of time and volatility

9. Options

Generating different payoff profiles, leverage, risk management, completing the market, value of the firm, real options

10. Review and overview

Different approaches (SDF, beta-factor models, risk-neutral) for different asset classes (bonds, equities, derivatives), generality and limitations, adding frictions ignored

ECON7010: Economics of Development

Objective and Overview

This course will address exceedingly important questions in the field of development economics:

Why are some countries so rich in comparison with the vast majority that are so poor? What factors determine economic underdevelopment and poverty? Which of these are within the control of policy makers and aid agencies and which are not? What is the role of income generation, health, and education in the process of economic development? Can the relaxation of credit and savings constraints in microfinance help to alleviate poverty and empower women? In what way can other anti-poverty campaigns complement efforts with regards to ongoing attempts to reduce poverty via addressing human capital accumulation directly? What is the role of culture and institutions? Is foreign aid effective? While addressing these and other relevant questions to economic development, we will emphasize the most popular and latest views, debates and policy implications. We will study the latest empirical discoveries from field studies, and potential replication in other contexts where poverty and inequality is prevalent and acute. The course delivers a review of influential contributions. An effort will be made to link theory and rigorous empirical evidence. Traditional views on economic growth and development will be presented. Recent contributions on the role of health & education in economic development will be studied.

A consistent effort will be made throughout the entire course to establish a connection between stylized facts, theory, and empirical analyses.

ECON7004: Industrial Relations

Course Description: This is a course about the economics of labour relations, a topic which has recently re-emerged as a topic of major interest for labour economists. The first part of the course deals with the key human resources issues of recruitment, retention and motivation. Topics covered include employee selection, design of optimal piece rates, advantages and disadvantages of seniority-based pay, tournaments and promotions, and incentives in team production. In this part of the course we assume that employers are represented individually in the employment relations. In second part of the course we look at what happens when unions enter the picture. We analyse how wages and employment are set according to various union models and then use our theoretical understanding of unions to critically discuss the empirical literature on the wage and employment effect of unions.