NATIONAL UNIVERSITY

Syllabus
Department of Economics

Detailed Syllabus of Third Year

Four-Year B.S.S. (Honours) Course
Effective from the Session: 2009–2010
National University  
Syllabus for 4 years B. S. S. Honours Course  
Subject: Economics

Third Year (Honours)

Third Year: 34 Credit Hours

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<th>Subject Code</th>
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<th>Marks</th>
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<td>2272</td>
<td>Intermediate Macroeconomics</td>
<td>100</td>
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<tr>
<td>2273</td>
<td>Statistics for Economics</td>
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<td>2274</td>
<td>Studies on Bangladesh Economy</td>
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<td>2275</td>
<td>Development of Economics</td>
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<td>2276</td>
<td>International Economics I</td>
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<td>2277</td>
<td>Public Finance</td>
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<td>2278</td>
<td>Urban Economics</td>
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<td>2279</td>
<td>Agricultural and Rural Economics</td>
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<td><strong>Total</strong></td>
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Course Title: Intermediate Macroeconomics

1. **An Overview of AD-AS Model**: Factors determining AD and AS; AD curve and AS curve implied by the Classical and Keynesian views; Explanation level of income or output- its function and growth; AD policy under alternative AS situations; Supply side economics

2. **Demand-Side Equilibrium**: Simple Keynesian income determination model; Various concepts of the multiplier; Theory of acceleration, multiplier acceleration interaction (MAI); IS-LM model; Simultaneous equilibrium in the product and money markets; Deriving the AD curve; Changes in equilibrium; Monetary and fiscal policy in the IS-LM model; Liquidity trap and crowding out effect; Composition of output and the effect of uncertainty.

3. **Labour Market**: Simple depression model; Demand for and supply of labour; Equilibrium in the labour market; Equilibrium unemployment.

4. **Supply-Side Equilibrium**: Expectations and aggregate supply (AS); Introduction to formation of expectations; Supply side disturbances

5. **Equilibrium in the Static Model**: Monetary and fiscal policy in the static model; Monetary and fiscal policy in the Classical model; Fiscal and monetary multipliers in the static model; Income policy in the static model; Income policy and excess demand.

6. **Consumption and Savings**: Puzzles in aggregate consumption behavior; Absolute income, relative income, permanent income and the life-cycle hypotheses; MPS model of consumption under uncertainty; Modern approach- Barro-Ricardo problem; Wealth effect and Pigou effect.

7. **Investment**: Types of investment; Determinants of investment; PV criterion and MEI; Keynesian and neo-classical theory of investment; Desired capital stock; Capital stock adjustment; Investment decision-making; TPV, NPV and IRR methods; Investment demand and output growth.

8. **Money Market**: Quantity theories of money; Demand for money; Types of demand for money; money supply; Interest rate & money supply; Interaction of demand for and supply of money; Interest rate sensitivity of transaction demand for money; Square root formula of Baumol-Tobin model.

9. **Monetary and Fiscal Policy in Extended AD-AS Model**: The effectiveness of fiscal and monetary policy: classical, Keynesian and monetarist

**Recommended Books:**

**Book References**

Course Title: Statistics for Economics

1. **Probability**: Meaning; Events in probability law; Use of combinations; Conditional probability; Probability functions; Mathematical expectations; Theoretical distribution; Binomial, Poisson, Exponential and Normal distributions with applications to real world situations; Properties and uses; Area under the normal curve; Standard normal distribution; Applications of Standard Normal distribution; Normal approximation to Binomial; Central Limit Theorem

2. **Sample Methods and Sample Survey**: Advantages of sampling; Types of sampling; Sampling error; Non-sampling error; Objectives and importance of sample survey; Appropriateness of data to be collected; Designing a questionnaire; Choice of the sample unit; Sample size; Sample design and sample selection; Internal and external validity of sample selection.

3. **Sampling and Sampling Distribution**: Population and sampling distribution; Mean and standard deviation of X; Sampling from a normally distributed population; Sampling from a non-normally distributed population; Applications of sampling distribution; Sampling distribution of population and sample proportion, mean and standard deviation; Sample size determination

4. **Analysis of Variance**: Meaning, assumptions and computation of analysis of variance; One way classification model; Two way classification model; Multiple regression analysis.

5. **Test of Hypothesis**: Introduction, statistical estimation and properties of a statistical estimator; Unbiased and biased estimator; Efficient and inefficient estimator; Point and interval estimators; Small sample properties; Confidence intervals, Construction of confidence intervals; Introduction, procedures of testing hypotheses; Confidence interval approach and test of significance approach; Type I and Type II errors; One tailed and two tailed tests; Tests concerning large samples; Tests about population mean

6. **Statistical Tests**: Chi-square test; Normal test; T-test; F-test; Non-parametric tests

7. **Time Series Analysis**: Time-series analysis; Components of time-series; Straight-line trend; Method of least squares; Method of moving average; Measurement of seasonal variations

8. **Official Statistics of Bangladesh**: Sources; Characteristics; Limitations; Publishing agencies; Statistical publications; Contents and their reliability; Accuracy and uses.

**Recommended Books:**

**Book References**

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<th>Course Code</th>
<th>2274</th>
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<tr>
<td>Course Title:</td>
<td>Studies on Bangladesh Economy</td>
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1. **The Economy of Bangladesh in Transition**: The historical perspective; Pre-colonial, Colonial and Pakistan periods

2. **Overview of the Economy of Bangladesh**: Features, composition and structure of the economy; GDP; Sectoral contribution and overall growth trend

3. **Population and Human Resource Development**: Growth, size and composition of population; Population policy; Education and health; Resource allocation and realization

4. **Agriculture and Rural Economy**: Features and role of agriculture; Components of agriculture; Problems of agriculture; Sharecropping and efficiency; Farm size and productivity; Marketing, credit, modernization, Rural economic structure; Institution, recent approaches to rural development; Resources, development programmes of government and NGOs

5. **Industry**: Size and composition, large, medium, small and rural industries; Public and private: problems and prospects, finance, industrial policy

6. **Urbanization**: Features of urbanization; Components of urban growth; Urban concentration; Rural-urban disparity in resource allocation; Social implications of urbanization; and review of policies on urban issues

7. **Foreign Trade and Foreign Investment**: Volume, composition and direction of foreign trade; Balance of trade and balance of payments; Balance of payment policies; WTO and Bangladesh; Foreign investment and its effects; Foreign investment policy

8. **Globalization and Bangladesh Economy**

9. **Poverty**: Nature, dimensions; Poverty alleviation interventions; Role of GOB and NGOs

10. **Women and Development**: Gender issues; Women’s productive activities; Share of resources; Different policies and constraints

**References**

2. Annual Reports by the Centre for Policy Dialogue. Dhaka: CPD.
7. AR Khan and Mahabub Hossain. Development Strategies of Bangladesh
Course Code: 2275  Marks: 100  Credits: 4  Class Hours: 60

Course Title: Development of Economics

1. **Concepts of Development**: Nature of development economics and its emergence & evolution.
2. **Global Development Mapping**: Growth, poverty, industrialization; Human development; Trade concept of third world; Developing economies; Underdeveloped economies; Least developed economies and backward economies.
3. **Economics of Growth**: Capital, labour and technology; Kuznet’s six characteristics of modern economics growth
4. **Development Models**: Classical, Marx and Schumpeter
5. **Growth Models and Linear Stage Theories**: Harrod-Domar; Neoclassical and endogenous growth theories; Rostow-Lewis model
6. **Growth Strategies**: Big-Push; Balanced and unbalanced growth; Export-led versus substitution strategies
7. **Structuralist Theories of Development**

**Recommended Books:**

**Book References**
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**Course Title:** International Economics I

1. **The Pure Theory of International Trade:** The basis of international trade; The mercantilist theory; The trade theory of absolute and comparative advantage; Hecksher-Ohlin trade model; Factor-price equalization theorem; The gains from trade and income distribution; Leontief Paradox; Linder’s thesis; Technological gap and product cycle theories; Some alternative theories of trade

2. **Economic Growth and International Trade:** Rybczynski theorem, Technical progress and international trade; Relationship between terms of trade and national income in the growth process; Economic growth and international trade during the 19th and the 20th centuries; Sources of economic growth; The effects of growth on small countries and large countries; Backwash effect; Growth in the world economy; The Prebisch-Singer thesis.

3. **Economies of Scale, Imperfect Competition and International Trade:** An overview of economies of scale and market structure; Theory of imperfect competition; Monopoly, monopolistic competition and trade; Effects of increased market size; Gains from an integrated market; Economies of scale and comparative advantage, the significance of intra-industry trade, why intra-industry trade matters.

4. **Trade Policy:** Instruments of trade policy; The theory of tariffs; The Stolper-Samuelson theorem on tariffs and income distribution; Relationship among tariffs; The terms of trade and domestic price; The optimum tariff; Quotas and quantitative restrictions; Equivalence of tariff and quota; Relative efficiency of tariff; Quota and subsidy; Distortions in the commodity and factor markets due to tariffs and subsidies; The infant industry argument; Effective rates of protection; Import-substitution versus export-push strategy; Tariff and world welfare

5. **Instruments of Commercial Policy:** Export taxes; Export subsidies; Quantitative restrictions; International cartels; OPEC, Voluntary export restraints; Dumping; Other non-tariff barriers

6. **Theory of Economic Integration:** Concept of economic integration and its forms; Positive and normative analysis of economic integration; Customs union and free trade union; Theory of the second-best and other welfare effects; Dynamic benefits from customs union; Economic integration in South Asia.

**Recommended Books:**

**Book References**

1. **Introduction**: Definition of public finance; Emergence of public finance as a separate branch in economics; Scope and limitations of public finance; Market failure and the rationale for government intervention; Other rationales- income distribution and merit goods

2. **Theory of Public Goods**: Definition and characteristics of public goods; Market and non-market methods of exclusion; Pure public goods and impure public goods; Public goods, private goods and club goods; Public goods and market failure- the free rider phenomenon, the Prisoners’ Dilemma of public goods; Efficient provision of public goods- Samuelson’s solution; Lindahl’s solution; State of public goods in Bangladesh (education and health)- and how to improve them

3. **Theory of Externalities**: Definition and characteristics of externalities; Externalities and market failure; Market correction in the presence of externalities- Pigou’s solution; the Coase theorem; the tragedy of the commons

4. **Public Expenditure**: The rationale for public expenditure; Causes of growth of public expenditure; Effects of public expenditure on income, output, employment, investment and distribution of income; Public expenditure in developed and developing countries.

5. **Public expenditure in Bangladesh**: Major heads of public expenditure in Bangladesh. Causes of gradual increase in public expenditure in Bangladesh; Effects of public expenditure in different sectors of the economy of Bangladesh; Role of public expenditure in the economic development of Bangladesh.

6. **Public Income/Revenue (Taxation)**: Canons and objectives of taxation; Characteristics of an ideal tax structure; Tax and non-tax sources of revenue; Direct and indirect taxes; Burden of taxation; Excess burden of direct and indirect taxes, VAT and other sales taxes; Structure of taxation- progressive, proportional and regressive taxes- and their effect on the canons of taxation; Tax structure of developed and developing nations.

7. **Public income in Bangladesh**: Different sources and causes of low tax-base and tax-net in Bangladesh; Reforms in the tax system of Bangladesh; Role of VAT in tax revenue in Bangladesh; Ways to improve/modernise the tax structure in Bangladesh.

8. **Burden of Taxation**: Principles of taxation- benefit approach; voluntary exchange approach, ability to pay principle; equi-marginal principal of sacrifice; Taxable capacity- absolute and relative taxable capacity; taxable capacity in developed and developing nations; Causes of low taxable capacity in Bangladesh and steps/reforms taken by the government to improve the situation.

9. **Impact, Incidence and Effects of Taxation**: Impact, shifting and incidence of direct and indirect taxation; Incidence of taxation under different cost and market situation; Incidence and elasticity of demand and supply; Shifting of various taxes- income tax, property tax, corporation tax; Effects of income tax on consumption, savings, capital formation, investment, work effort & leisure.

10. **Public Debt**: The rationale for public debt; Sources and problems with public debt; Burden of public debt; Effect of public debt and debt policy; Public debt in Bangladesh since liberation; Effect of public debt on consumption, investment and internal resource mobilization.

11. **Budget**: Government budget; Balanced, deficit and surplus budget; Revenue and capital budget; Budget multiplier, Characteristics of an ideal budget, Budget in developed and developing nations.

**Budget in Bangladesh**: Budget making in Bangladesh (last few years); Revenue and capital budget in Bangladesh; Features of the Bangladesh budget; Sources of funding of development expenditure; Role of foreign aid, loan and grants.
12. Fiscal Policy: Definitions; aims and instruments of fiscal policy; Fiscal policy in developed and developing countries; Effectiveness of fiscal policy; Built in stabilization; Compensatory fiscal policy, pump pricing; Deficit spending and deficit financing; Problems and limits of fiscal spending.

Fiscal Policy in Bangladesh: Effectiveness of fiscal policy in Bangladesh; Limitations of fiscal policy in Bangladesh.

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<td>2278</td>
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<tr>
<td>Course Title: Urban Economics</td>
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1. Introduction: Definition of urban economics; Major components in the field of urban economics; Definitions of an urban area and differences in definitions; Market forces- land rent, and land use within cities.

2. Market Forces in the Development of Cities: Why do cities exist? A comparative advantage of urban development trade and transport cost-internal scale economics in production-agglomeration economics; Localization economics and urbanization; Shopping externalities; Imperfect substitutes and complementary goods; Retail clusters Why do Cities develop? Transfer-oriented and market-oriented firms; Principle of median location; Orientation towards local inputs; Transport cost versus local-input costs; Role of government in the location of cities How many Cities? The analysis of market areas; Determinants of market area; Central place theory; Regional hierarchy, retailing; How competition among firms leads to the development of hierarchical system of cities

3. Urban Economic Growth: Urban labour market and economic growth; Demand and supply sources of urban labour; Economics base and input-output analysis- Limitations of urban economic growth

4. Land Rent, Urban Land Use Controls and Zoning: Urban land rent; Fertility and accessibility; Land use in the mono-centric city; Bid rent functions of manufactures, office firms, residential, agriculture; Income and location; General equilibrium land use; Land use control; Land use zoning; Types and market effects; Nuisance, fiscal and design zoning; City without zoning; Legal basis for zoning.

5. Urbanization and Economic Development with Reference to Bangladesh: Economic factors and environments that are responsible for urbanization; The prerequisites of urbanization; Factors that initiate and ensure continuity of the urbanization process; Differences in the growth pattern of urbanization in an advanced economy and developing economy; The political economy of organization; World urban order hierarchy.

6. Urban Land Market: Economic and spatial relationships within an urban area; Theories of urban land market including various distortions; The peculiarity of urban land rent and land use; Various models and interventions and policies of government including various land use control and zoning; The political economy of urban land
7. **Urban Housing Market**: Economics of housing production; Urban housing conditions; Demand and supply of housing; Residential location decisions; Housing models; Urban housing market imperfections and various sub-systems of housing; Why slums exist and persist; Government interventions and housing policy

8. **Urban Transportation**: Interrelationships between transpiration and other urban market demand for urban transportation services; Short-run supply and pricing; Transportation congestion and its implications

9. **Urban Labour Market**: Nature and characteristics of urban labour market; Urban labour market inefficiencies; Informal labour market and nature of employment.

10. **Urban Poverty**: Nature and extent of poverty; Various strategies the urban poor adopts to survive and its fall out; Policy implications

**Recommended Books:**

**Book References:**

**Book References:**

5. Barkht, Zaman & Raihan: Political Economy of Khas land.
8. Rural Development: Theories of the Peasant Economy and Agrarian Economy.