

Department Of Economics
Bacha Khan University Charsadda

List of online offered courses

S.No	Course Code	Course Name	Cr Hrs	Teacher's Name	Email Address	Whats App No
1.	ECON-511	Macroeconomics Analysis	03	Mr. Waqar Bukhari	Waqarbukhari@Bkuc.Edu.Pk	03214083346
2.	ECON-613	Labour Economics	03	Mr. Yasir Jehan	Yasirjehan@bkuc.edu.pk	03339131559
3.	ECON-515	Population Economics	03	Mr.Khair Ul Bashar	Khairulbashar@Bkuc.Edu.Pk	03002279796
4.	ECON-522	Econometrics I	03	Mr. Yasir Jehan	Yasirjehan@bkuc.edu.pk	03339131559
5.	ECON-615	Industrial Economics	03	Mr. Khair Ul Bashar	Khairulbashar@Bkuc.Edu.Pk	03002279796
6.	ECON-414	Statistics	03	Mr. Shakeel Khan	Shakeelyousafzai123@gmail.com	03467326673
7.	ECON-411	English III	03	Ms. Sama Sareer	Samaahmad9222@yahoo.com	03315978567
8.	ECON-416	International Relation	03	Dr Asif Salim	Asifsalim60@gmail.com	03339251723
9.	ECON-322	Pakistan Study	02	Dr Asif Salim	Asifsalim60@gmail.com	03339251723
10	ECON-326	Introduction to Political Science	03	Dr Asif Salim	Asifsalim60@gmail.com	03339251723

COURSE TITLE: MACROECONOMICS ANALYSIS

Course code: ECON-511

Credit hours: 03

Course Contents

Macroeconomics: The Classical Framework

Ingredients of the Classical model: The Says law of markets, The Quantity theory of money, The Marginal Productivity theory, Equilibrium in the goods and money markets, A critical appraisal of the Classical model, Dichotomy in the economy.

The Demand Management Economy

The Keynesian framework, Characteristics of a depression economy, Innovations due to Keynes: The consumption function, The liquidity preference function, Wage rigidity in the labour market, The ISLM model, Mathematical derivation of the IS and LM functions, The interaction of the goods and money markets in a closed economy, The role of public sector investment, The multiplier effects of fiscal and monetary actions, Derivation of the aggregate demand curve/function, Stabilization and the relative effectiveness of fiscal and monetary policies, The Neoclassical critique of the Keynesian model: the Keynes effect, the Pigou effect, the Real Balances effect, The Keynesian-Neoclassical Synthesis.

The Supply Side Economics

Demand for and Supply of Labour, The wage rate determination, Rigidity versus flexibility of nominal wage rate, The short-run Production function, Derivation of Aggregate Supply under the Classical and Keynesian assumptions, The notions of full-employment and under-employment, Scarcity of raw material and energy, The supply side disturbances leading to stagflation, The problems of developing countries: shortage of supply vs. deficiency of demand, The scope for structural changes (instead of fine tuning) in developing economies.

The Open Economy Macroeconomics

Balance of Payments: Current and Capital account, The IS-LM-FB model due to Mundell and Fleming, The case of a small open economy with special reference to developing economies, The relative effectiveness of Fiscal and Monetary policies under the Fixed and Floating exchange rate regimes, The Managed exchange rates system, Determinants of the Exchange Rates, Devaluation and its impacts for developing countries, Perfect and imperfect capital mobility, Problems of stabilization in a global framework..

Macroeconomic Policy Debate

Policy Actions: Active or Passive, Ignorance, Expectations and the Lucas Critique, Conduct of Policy: Formula/Rule vs. Discretion, Distrust of Policy makers and Political Process, Macroeconomics Policy: the Fiscal, Monetary and Commercial policies, Policy formulation and implementation in a world of uncertainty, Seignorage and Inflation: Monetarists vs. Activists, the short and long run analysis of the Phillips Curve, The expectation-augmented Phillips Curve.

Growth and Business Cycles

The accumulation of capital, Acceleration principle and the concept of steady state growth path, The steady state conditions, The basic Neoclassical (Solow) growth model, Golden rule for consumption and investment (capital accumulation), The role of technical progress in growth, Introduction to the theory of Real Business Cycles: Interpretation, Labor market, Technology shocks, Household Behaviour, the persistence of output Fluctuations, Limitations

of the Model.

Recommended Books

- Branson, William – Macroeconomics: Theory and Policy – 3rd Edition (1989) or latest Harper and Row, New York.
- Froyen, Richard – Macroeconomics: Theories and Policies – 7th Edition (2002) Prentice Hall
- Gupta, G.S.- Macroeconomics: Theory and Applications- 2nd Edition (2004) Tata McGraw Hill Publishing Company, New Delhi
- Scarth, William, M – Macroeconomics: An Introduction to Advanced methods- 2nd Edition (1996)- Dryden Press: Harcourt Brace & Company.
- Romer, David - Advanced Macroeconomics -(2001)- McGraw Hills, New York.
- Mankiw, Gregory- Macroeconomics- 5th Edition (2003)- Worth Publisher, New York.

Course Title: Labour Economics

Course code: 613

Credit Hours: 03

Importance of Labor Economics

Week 1

Introduction: Industrialization and Emergence of Labor Analyze Labor Markets and Conditions.

Week 2

Overview Developing and Developed World.

Week 2

Labor Markets Analysis: Demand for Labor

Week 3

Labor Market Indicators, Demand for Labor, Decision Making and Labor Hiring. Labor Migration: Reasons and Impacts.

Week 4

Demand for Labor by Firms, Short Run and Long Run Demand for Labor, Industry and Market Demand.

Labor Market: Supply of Labor and Wages

Week 5

Determinants of Labor Supply Concepts of Human Capital, Human Capital productivity and Wages. The Determinants, Labor Force Participation. Supply of Labor and Household Productions. Labor- Skill, Training and Productivity.

Week 6

The Dual Labor Market Theory. Labor Unions and Wages. Supply and Demand for Labor and Wage Determination. Backward bending Supply Curve of Labor.

Wages, Unemployment and Inflation

Week 7

Determinants of Wages, Market Determination of Wages and Marginal Productivity, High Wages and Involuntary Unemployment. Stagflation and Unemployment, Structural Adjustment and Wages.

Week 8

Major Sources of Unemployment, Wages and Phillip Curve. Wage Rigidity, Labor Unions and Underemployment. Underemployment and Social Protection.

Week 9

Labor Market Discrimination

Discrimination in Labor Market: Gender Race and Ethnicity. Efficiency Wage Theories and Coordination Failure.

Labor Market Information System

Week 10

Labor Market Information System and Efficiency, Labor Statistics and Labor Policy.

Week 11

Human Welfare and Labor Policy, Minimum Wages, Rationale and Impacts.

Theories of Labor Movements

Week 12

The Marxist, The Wells, Selling and Pearlman's contributions. Trade Unions in Pakistan,

Week 13

Labor Legislation in Pakistan. Impacts of Labor Union. Labor Policies in Pakistan: Critical Evaluation.

Child Labor

Week 14

Definition and extent of child labor. Child labor; moral aspects. Child labor an international issue: Extent of Child labor in developing countries.

Week 15

Child labor in Pakistan. Policies to combat child labor. Child labor and international trade issue.

Recommended Books:

1. Comith Stephen, (2003), Labour Economics*, Routledge Publishers.
2. Bruce, Kaufman; c. Kaufman, Julie L; Hotchkiss, (2002), Economics of Labour Markets*, Thomson Publisher.
3. Current Issues in Labour Economics*, (1989), Palgrave Mcmillan.
4. Reynolds, Labor Economics and Labor Relations.
5. Grley, Ashenfelter (edt), Layard, P. R. G, (cdt), Hand Book of Labour' Economics, Elsevier Science Pub. Co. (1986).

Course Title: Population Economics

Course Code: 515

Credit Hours: 03

Course Contents

1. Theory of optimum Population and Concept of ZPG
2. Boserup's Theory and Population
3. Cornucopian Theory of Technology and Population Growth
4. Comparative analysis of Demographic Profile of Pakistan with 5 third world and 5 developed countries.
5. Policies and Measures taken by different countries to control birth rate.
6. Health and Mortality transition
7. Demographic Theory of Mortality
8. Internal Migration
9. International Migration
10. Difference of Immigration and emigration
11. Fertility theories

Course Title: Econometrics I

Course Code: 522

Course code:

The Classical Linear Regression Model (CLRM)

(a) The Simple Two-Variables Model

Variables and parameters, Meaning of the explained and explanatory variables, Estimators and estimates, Correlation and Regression theory, Mathematical versus econometric model, Structure of the linear econometric model with two explanatory variables, Rationale for inclusion of the disturbance term, Assumptions of the model with special reference to the disturbance term, The least squares principle, BLUE properties of the OLS estimators, The estimation procedure, The economic interpretation of the estimated coefficients, Hypothesis testing and the use of Z, t, F, test statistics, The confidence interval and tests of significance approaches, The ANOVA technique, The explanatory power of the model, Coefficient of determination vs. correlation coefficient: comparing regression and correlation theory, Econometric forecasting and confidence interval for the dependent variable against future value of the independent variable, Important features of a good forecast, Extensions of the model: Time as explanatory variable, Dummy variables, Estimation through the origin.

(b) The Multiple Linear Regression Model (MLRM)

The general format of MLR model, Assumptions of model with special reference to independence of the explanatory variable, Estimation of model with 3-4 explanatory variables using the OLS procedure, Interpretation of the estimated coefficients, Computation of elasticities, The degree of freedom and adjusted R^2 , The explanatory power of the model and 'Goodness of Fit', Hypothesis testing in MLR, Overall significance of the regression and the use of F-statistics, Economic theory and econometric modeling.

Deviation from the Classical Assumptions

Assumptions of the classical model and economic reality, Relaxation of the assumptions and estimation issues, Brief introduction to the nature of problems and alternatives.

(i) Multicollinearity

Linear relationship between any two explanatory variables, Nature and severity of the problem, Distinction between perfect and partial Multicollinearity, Properties of OLS estimators in the presence of collinearity, Detection of the problem and remedial measures.

(ii) Heteroskedasticity

Meaning of Heteroskedasticity, The nature of the problem with reference to economic theory, Cross-section data and the problem of non-constant variances, Consequences for OLS estimators, Detection of the problem and remedial measures in brief, Introduction to the Generalized Least-Squares model (GLS).

(iii) Autocorrelation

Autocorrelation and its causes, Time-series data and emergence of the problem with reference to economic theory, The AR(1) process, Consequences of Autocorrelation for OLS estimators, Detection of the problem and remedial measures in brief.

The Simultaneous Equations Models

Why Simultaneous Equations Models: Deviation from the classical assumptions, The

simultaneous equations bias, Various types and general format of simultaneous equations models, Exogenous Endogenous variables, The structural and reduced-form models, The identification problem, Formal rules for identification: The Order and Rank conditions, The Indirect Least Squares (ILS), The Instrumental Variables and Two-Stage Least Square(2-SLS).

Recommended Books

- Gujarati, D.J. - Basic Econometrics – 4th Edition (2003)- McGraw Hill Company.
- Dougherty, Christopher – Introduction to Econometrics – 2nd edition (2002)

Course Title: Industrial Economics
Course Code: ECON-615

3 Cr. Hrs.

Objectives

The course analyzes the problems of the real economy that cannot be described within the framework of a classical economic theory that is taught by traditional micro- and macroeconomics. This course will cover all the three main fields of industrial organization theory: the theory of a firm, the theory of imperfect competition, and the theory of economic regulation. The students are presumed to be familiar with the standard courses in micro- and macroeconomics at the graduate level.

Course Contents

Theory of a firm

What is the firm and why is it organized? A firm as an alternative to a market. Transaction costs theory explaining appearance of firms. Production scale, specialization level and advantages of firms as a means of production. Hierarchical firm structure and its efficiency. Optimal size of a firm (of a number of hierarchical levels). Hierarchical firm structure under oligopoly.

Consumer Surplus and Public Welfare

Estimation of public welfare within the framework of partial equilibrium analysis. Quasilinear utility function and measure of public welfare. Compensated and equivalent variations. Public welfare and Hicksian and Marshallian demand functions. Consumer surplus as an approximate measure of public welfare.

Economic Theory of Bundling

Bundling as a marketing tactics. Price discrimination and bundling. Heterogeneous consumers. Pure components strategy, pure bundling strategy, and mixed bundling strategy. Superiority of mixed bundling relative to pure bundling. Conditions for mixed bundling strategy to be dominant over pure components strategy. Independent distribution of reservation prices. Homogeneous consumers. Commodity bundling and consumer surplus.

Mergers and Acquisitions.

Horizontal Mergers and Acquisitions

Types of mergers and acquisitions: horizontal, vertical, conglomerates. Examples of mergers and acquisitions within the last decade. Mergers of firms with identical production costs. Condition of a merger profitability. Mergers of firms with differing production costs. Reaction of a firm to a change in output by all other firms on the same market. Condition of industry output increase, resulting from a merger.

Horizontal mergers and public welfare. Herfindal-Hirshman index as a measure of public welfare. Condition under which horizontal merger results in higher public welfare.

Vertical Mergers

Effect of a vertical merger on output of final and intermediate products. Vertical mergers and market foreclosure. Vertical mergers and profits of integrated and unintegrated firms.

Product Differentiation Location Models

Linear city, linear transportation costs. Quadratic transportation costs. Stability of equilibrium states. Circular city. Welfare implications.

Differentiated Goods, Increasing Returns to Scale, and Monopolistic Competition

Markets for differentiated goods. The problems solved by consumers and producers. Market equilibrium under free entry conditions. Effects of fixed costs and market size on product diversity and output.

Industrial Agglomeration

Phenomenon of industrial agglomeration. Increasing returns to scale as a driving force of agglomeration. External and internal mechanisms of increasing returns to scale. The role of transportation costs. A simple model of industrial agglomeration: two regions, two production factors (perfectly mobile workers and immobile farmers). Competition and market size – the main factors affecting the process of industrial agglomeration. Effects of transportation costs, fixed costs, a share of immobile factor on industrial agglomeration. Stability of distributed and agglomerated equilibria. Multiple equilibria and hysteresis.

Economics of Innovations

Model of the innovation process. Patent race. Market structure and innovation efforts. Incentives for innovations. Socially optimal and market investments into R&D. Patent life.

Imperfect Competition and Macroeconomics (1 lecture).

Theories of business cycles. Increasing returns to scale and stability of economic equilibrium. Price rigidity as a source of business cycles. Explanations of price rigidities: kinked demand curve, menu costs. Market monopolization and price rigidity. Small menu costs and large business cycles during economic booms and busts.

Externalities, corrective taxes, and market structure. Possibility of a negative effect of Pigou tax on public welfare under monopoly.

Theory of Regulation

Public costs of monopoly. Subadditivity of cost function – a necessary and sufficient condition for a natural monopoly. Economy of scale, concavity of a cost function and subadditivity. Stability of a natural monopoly.

History of regulation after World War II. When should natural monopolies be regulated? Demsetz competition for a market. Contestability of a market. Deadweight losses, sunk costs and regulation. Regulation under complete information. Price discrimination and nonlinear tariffs as a means of increasing efficiency of a regulated monopoly. Peak-load pricing. Regulating monopoly under asymmetric information. Exogenous mechanisms of regulation. Averch-Johnson model. Endogenous mechanisms of regulation. The delegation and revelation approaches.

Analysis of Particular Industries and Enterprises. Airlines

Effects of deregulating air companies. “Hub and Spokes” system and its efficiency.

Theatres and restaurants

Why in developed market economies there are queues in theatres, restaurants, etc.? Network externalities in services consumption and nonmonotonicity of demand function. Instability of equilibrium, corresponding to profit maximization, and limitedness of prices and supply of services.

Economics of Show Business

Why relatively small number of people in show business, sports, book publishing, etc. earn a lot of money and dominate on markets? Effect of imperfect substitution: lesser talent is a poor substitute of larger talent. Dependence of demand function on quality. Increasing returns to scale in show business production. Demand and supply structure. Market equilibrium. Convexity of revenue function, depending on talent. Continuous distribution of performers on talent, and rent dissipation. Outstanding performer and rent value.

Recommended Books

- Adams W.J., and J.L. Yellen, 1976, “Commodity Bundling and the Burden of Monopoly”, *Quarterly Journal of Economics*, vol. XC, 475-498.
- Averch H., and L.L. Johnson, 1962, Behavior of the Firm under Regulatory Constraint, *American Economic Review*, vol. 52, 1052-1069.
- Baron D., 1989, *Design of Regulatory Mechanisms and Institutions*, in R. Schmalensee and R.D. Willig eds.: The Handbook of Industrial Organization, Elsevier North-Holland.
- Baumol W.J., J.C. Panzar, and R.D. Willig, 1982, *Contestable Markets and the Theory of Industry Structure*, New York: Harcourt Brace Jovanovich.
- Becker G., 1991, A Note on Restaurant Pricing and Other Examples of Social Influences on Price, *Journal of Political Economy*, vol. 99, 1109-1116.
- Braeutigam R., 1989, *Optimal Policies for Natural Monopolies*, in R. Schmalensee and R.D. Willig eds.: The Handbook of Industrial Organization, Elsevier North-Holland.
- Buchanan J.M., 1969, External Diseconomies, Corrective Taxes, and Market Structure, *American Economic Review*, vol. 59, 174-177.
- Coase R.H., 1992, The Institutional Structure of Production, *American Economic Review*, vol. 82, 713-719.
- Diversity, *American Economic Review*, vol. 67, 297-308.
- ~~Product differentiation, Krugman P., 1997, Monopolistic Competition Equilibrium and Optimal Pricing, *American Economic Review*, vol. 87, 349-361.~~
- Krugman P., 1991, *Geography and Trade*, The MIT Press.
- Krugman P., 1991, Increasing Returns and Economic Geography, *Journal of Political Economy*, vol. 99, 483-499.
- Krugman P., 1995, *Development, Geography, and Economic Theory*, The MIT Press.
- Loury G.L., 1979, “Market structure and Innovation”, *Quarterly Journal of Economics*, vol. XCIII, No. 3, 395-410.
- Mankiw G., 1985, Small Menu Costs and Large Business Cycles: A Macroeconomic Model of Monopoly, *Quarterly Journal of Economics*, vol. 100, 529-537.
- Martin S., 1993, *Advanced Industrial Economics*, Blackwell.
- McAfee R.P., J. McMillan, M.D. Whinston, 1989, “Multiproduct Monopoly, Commodity Bundling, and Correlation of Values, *Quarterly Journal of Economics*, vol. CIV, 371-383.
- Posner R.A., 1975, The Social Costs of Monopoly and Regulation, *Journal of Political Economy*, vol. 83, 807-827.
- Rotemberg J.J., and G. Saloner, 1987, The Relative Rigidity of Monopoly Pricing, *American Economic Review*, vol. 77, 917-926.
- Salant S.W., S. Switzer, and R.J. Reynolds, 1983, Losses from Horizontal Merger: The Effects of an Exogenous Change in Industry Structure on Cournot-Nash Equilibrium, *Quarterly Journal of Economics*, vol. 98, 185-199.
- Salinger M.A., 1988, Vertical Mergers and Market Foreclosure, *Quarterly Journal of Economics*, vol. 77, 345-356.

- Sharyk W., 1982, *The Theory of Natural Monopoly*, Cambridge University Press.
- Shy O., 1995, *Industrial Organization*, The MIT Press.
- Tirole J., 1988, *The Theory of Industrial Organization*, The MIT Press.
- Varian H., 1992, *Microeconomic Analysis*, W.W. Norton & Company.
- Williamson O., 1996, *The Mechanisms of Governance*, Oxford University Press.
- Williamson O.E., 1981, The Modern Corporation: Origins, Evolution, Attributes, *Journal of Economic Literature*, vol. 19, 1537-1568.
- Willig R., 1976, Consumer's Surplus Without Apology, *American Economic Review*, vol. 66, 589-597.