

## 10. Fourth-Year Course Structure and Course Contents

(First-Year Intakes: 2019 & 2020

Fourth-Year Sessions: 2022-23 & 2023-24)

### 10A. Course Structure

Total: 700 Marks (28 Credits)

| Course Code | Course Title                                | Contact Hours Per Week | Credit Hours | Marks |
|-------------|---|------------------------|--------------|-------|
| ECON 401    | Labor Economics                             | 4 + 0                  | 04           | 100   |
| ECON 402    | Public Finance                              | 4 + 0                  | 04           | 100   |
| ECON 403    | International Trade                         | 4 + 0                  | 04           | 100   |
| ECON 404    | Financial Investment and Security Analysis  | 4 + 0                  | 04           | 100   |
| ECON 405    | Resource and Environmental Economics        | 4 + 0                  | 04           | 100   |
| ECON 406    | Introduction to History of Economic Thought | 4 + 0                  | 04           | 100   |
| ECON 407    | Political Economy of Underdevelopment       | 4 + 0                  | 04           | 100   |

### 10B. Course Profiles

#### **ECON 401: Labor Economics**

**Credit Hours: 04**

**Rationale:** Among all the resources of production, labor is the most important one. It contributes around two-thirds of national output. Labor has some peculiarities which make a special case for the separate study of labor economics. Unlike supply curves of other goods, which are upward sloping, labor supply curve may be backward bending. Study of labor economics helps us understand why people spend money to get training and education, why wages differ across occupation, and why unemployment varies over business cycles.

**Prerequisites:** Microeconomics, Macroeconomics

**Course Objective:** The objective of the course is to provide a comprehensive idea about the functioning of the labor market. By studying the course students will develop skills in interpreting labor market phenomena like unemployment problem, wage differentials, strikes, lockouts, and collective bargaining process.

**Intended Learning Outcomes:** After successful completion of the course, students will be able to:

1. derive labor demand and labor supply curves;
2. decide how much to invest in human capital;
3. apply various theories to explain wage differentials;
4. explain migration and job market turnover; and
5. provide rationale for discrimination in the labor market.

#### **Course Content:**

1. **Introduction:** The actors in the labor market; Why do we need a theory?
2. **Labor Supply:** Measuring the labor force; Basic facts about labor supply; The worker's preferences; The budget constraint; The hours-of-work decision; To work or not to work?; The labor supply curve; Estimates of the labor supply elasticity
3. **Topics in Labor Supply:** Labor supply over the life cycle; Labor supply over the business cycle; Retirement; Household production; Retirement; Fertility
4. **Labor Demand:** The production function; The employment decision in the short run; The employment decision in the long run; The long-run demand curve for labor; The elasticity of substitution; Marshall's rules of derived demand
5. **Labor Market Equilibrium:** Equilibrium in a single competitive labor market; Competitive equilibrium across labor markets; The Cobweb model; Noncompetitive labor markets

6. **Compensating Wage Differentials:** The market for risky jobs; The hedonic wage function; Compensating differentials and job amenities
7. **Human Capital:** Education in the labor market: some stylized facts; Present value ; The schooling model; Education and earnings; Estimating the rate of return to schooling; Do workers maximize lifetime earnings?; Schooling as a signal; Post-school human capital investments; On-the-job training; On-the-job training and age-earnings profile
8. **The Wage Structure:** The earning distribution; Measuring inequality; The wage structure: basic facts; The earnings of superstars; Inequality across generation
9. **Labor Mobility:** Geographic migration as a human capital investment; Internal migration; Family migration; The decision to immigrate; Job turnover: facts; The job match; Specific training and job turnover; Job turnover and age-earnings profile
10. **Labor Market Discrimination:** Race and gender in the labor market; The discrimination coefficient; Employer discrimination; Employee discrimination; Customer discrimination; Statistical discrimination; Measuring discrimination; Discrimination against other groups
11. **Labor Union:** Unions: background and facts; Determinants of union membership; Monopoly unions; Efficient bargaining; Strikes; Union wage effects; The exit voice hypothesis
12. **Incentive Pay:** Price rates and time rates; Tournaments; Work incentives and delayed compensation; Efficiency wages
13. **Unemployment:** Types of unemployment; The steady-state rate of unemployment; Job search; The intertemporal substitution hypothesis; The sectoral shifts hypothesis; Efficiency wages revisited; Implicit contracts

#### **Basic Text**

Borjas, G. J. (2015). *Labor Economics* (7th ed.). McGraw-Hill.

#### **Books Recommended**

1. Filer, R. K., Hamermesh, D. S., & Rees, A. E. (1996). *The Economics of Work and Pay* (6th ed.). New York: Harpercollins College Publishers.
2. Ehrenberg, R. G., & Smith, R. S. (2018). *Modern Labor Economics: Theory and Public Policy*. New York: Routledge.
3. Laing, D. (2011). *Introduction to Classic and the New Labor Economics*, W. W. Norton & Company.
4. Snower, D. J., & Dehesa, G. (eds.) (1997). *Unemployment Policy: Government Options for the Labour Market*. Cambridge: Cambridge University Press.

### **ECON 402: Public Finance**

**Credit Hours: 04**

(Note: All Topics should be studied in the context of Bangladesh, when relevant).

**Rationale:** Public Finance is the branch of economics that studies the role of the public sector in the economy. In this course, we will study the intellectual foundations that justify the existence of the public finance. This course focuses on the examination of the government revenue and expenditure and it distinguishes public finance from the private finance. Monetary and fiscal policies and public debt management will be examined

**Pre requisite:** Principles of Microeconomics, Principles of Macroeconomics

**Course Objective:** The primary course objective is to provide students with the tools, and the skills to use these tools, to understand the underlying concepts and practical tradeoffs entailed in public finance policy alternatives. This will prepare students to be informed consumers of public finance data, and thus equip them to engage constructively in the formulation, implementation, and evaluation of public finance policies.

**Intended Learning outcomes:** On successful completion of this course, student should be able to:

1. analyze the functioning of modern public finance;