

COURSE CONTENT

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| Course Coordinator | Tan Khay Boon |
| Course Code | HE5092 |
| Course Title | Economic Theory |
| Pre-requisites | AB0901 Principles of Economics: A Singapore Perspective/ HE9091 Principles of Economics/ HE5091 Principles of Economics |
| No of AUs | 3 |
| Contact Hours | 36 hours (2 hours lecture and 1 hour tutorial per week) |

Course Aims

1. Provide participants with a critical analysis of economic principles in the intermediate level of Microeconomics and Macroeconomics.
2. Guide participants to appreciate intermediate level of economic concepts using quantitative methods
3. Teach participants to incorporate mathematical and graphical skills in economic tools to analyse effects of economic policies.

Intended Learning Outcomes (ILO)

By the end of this course, you (as a student) would be able to:

1. Apply mathematical tools to examine and construct demand and supply functions.
2. Construct the indifference curve and budget line framework to examine optimal consumption choices.
3. Apply mathematical tools to solve for optimal conditions under constraint.
4. Examine the short run and long run behaviour of firms.
5. Construct the isoquant and isocost line framework to examine optimal input combinations.
6. Examine the factors of production.
7. Compare between competitive and monopsony in the labour market.
8. Apply Coase Theorem to solve problems with externalities and analyze public goods.
9. Review the national income accounting concepts.
10. Compare and contrast between neoclassical growth model and the endogenous growth model.
11. Differentiate between classical and Keynesian supply curve.
12. Construct the AD-AS framework and apply the framework to evaluate equilibrium in an economy.
13. Examine the relationship between inflation and unemployment in the context of Phillips Curve.
14. Analyze the policies to solve inflation and unemployment.
15. Construct the IS-LM framework and apply the framework to evaluate equilibrium in an economy.
16. Integrate capital mobility in the IS-LM framework to analyze equilibrium in an economy.

Course Content

This course covers the intermediate levels of microeconomics and macroeconomics with heavy applications of quantitative skills. In the first half of the course, students will learn microeconomic concepts involving individuals and firms with focus on constrained optimizations and decision making with uncertainty. In the second half of the course, students will be exposed to the rigorous theories of classical, Keynesian, neoclassical, supply side and Philipps curve with focus on using different frameworks to examine growth in the economies.

Assessment (more details will be announced in class)

Continuous Assessment: 40%

Final Examination: 60%

Total **100%**

Reading and References

1. Robert H. Frank, Microeconomics and Behaviour, 8th edition, McGraw Hill, 2010
2. Rudiger Dornbusch, Stanly Fischer and Richard Startz, Macroeconomics, 11th edition, McGraw Hill, 2011

Course Instructors

| Instructor | Office Location | Email |
|---------------|-----------------------------|---------------------|
| Tan Khay Boon | SHHK Level 6 Churchill Room | khayboon@ntu.edu.sg |

Planned Weekly Schedule

| Week | Topic | Course LO | Readings/ Activities |
|------|--|---------------|---|
| 1 | Demand and Supply | LO1 | Textbook (1) Chapters 1 & 2 Tutorial 1 |
| 2 | The Theory of Consumer Behaviour (I) | LO2 | Textbook (1) Chapters 3 & 4 Tutorial 2 |
| 3 | The Theory of Consumer Behaviour (II) | LO2 and LO3 | Textbook (1) Chapters 5 & 6 Tutorial 3 |
| 4 | The Theory of the Firm | LO3 and LO4 | Textbook (1) Chapters 9 & 10 Tutorial 4 |
| 5 | Factor Markets | LO6 and LO7 | Textbook (1) Chapters 14 & 15 Tutorial 5 |
| 6 | Externalities, Public Good and Welfare | LO8 | Textbook (1) Chapters 16 & 17 Tutorial 6 |
| 7 | National Income Accounting | LO9 | Textbook (2) Chapters 1 & 2 Tutorial 7 |
| 8 | Economic Growth | LO10 | Textbook (2) Chapters 3 & 4 Tutorial 8 |
| 9 | Aggregate Demand and Aggregate Supply | LO11 and LO12 | Textbook (2) Chapters 5 & 6 Tutorial 9 |
| 10 | Inflation and Unemployment | LO13 and LO14 | Textbook Chapters 7 & 8 Tutorial 10 |
| 11 | Spending, Money, Interest and Income | LO15 | Textbook Chapters 9 & 10 Tutorial 11 |
| 12 | Monetary and Fiscal Policy | LO16 | Textbook Chapters 11 & 12 Tutorial 12 |