

ECO111: Economy, Society, and Public Policy
Semester I: 2024-25

Introduction: This course introduces the core principles of economics, how economics is applicable in the context of societal issues and how public policies are designed based on economic foundations. The emphasis of this course is to develop basic concepts in economics by employing analytical tools and doing hands-on empirical exercises.

Prerequisites: None

Instructor: Anna David Thottappilly

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Office hour by prior appointment

Tutor: Bikramaditya Datta

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Lecture Schedule & venue: Mon, Wed & Th at 8.00 – 9.00 AM
LH16

Tutorial: Fri at 8.00 – 9.00 AM
LH16 (Group 1) and LH4 (Group 2)

Lectures: 3(L), Tutorial: 1(T), Laboratory: 0(P), Additional Hours: 0, Credits: 11

Course content: The topics (subject to minor reorganization and modification) are:

1. National income and economic growth (3 lectures)
 - a. Measuring national income
 - b. Engines of economic growth and role of technology
 - c. Economic growth and inequality
 - d. Sustainable economic growth
2. Social interactions and economic outcomes (4 lectures)
 - a. Social interactions as games
 - b. Basic concepts of game theory
 - c. Social preferences
 - d. Public good and free riding
 - e. Resolving social dilemmas using game theory
3. Public policy for fairness and efficiency (3 lectures)
 - a. Goals of public policy
 - b. Introduction to the concept of fairness and efficiency
 - c. Implementation of public policies
 - d. How to find out if a policy works
4. Work, well-being and scarcity (3 lectures)
 - a. Introduction to decision making

- b. Tradeoffs and opportunity costs
 - c. Introduction to preferences
 - d. Decision making and scarcity
 - e. Decision about how much to work
 - f. Working hours and economic growth
 - g. Measuring well-being
- 5. Institutions, power and inequality (3 lectures)
 - a. Introduction to institutions
 - b. Rule of law
 - c. Property rights
 - d. Measuring economic inequality
 - e. Global comparison of economic inequality
- 6. The firm: employees and owners (3 lectures)
 - a. Introduction to firms
 - b. Structure of organizations and division of labor
 - c. Employment and wage-setting decisions
 - d. Principals and agents – interactions under incomplete contracts
- 7. Firms and markets for goods and services (5 lectures)
 - a. Profits, costs and isoprofit curves
 - b. Price setting, market power and public policy
 - c. Product selection, innovation and advertising
 - d. Demand and supply in a competitive market
- 8. The labor market and the product market (3 lectures)
 - a. Employment and types of unemployment
 - b. The labor market, the product market and the aggregate economy
 - c. Wages, profits and unemployment in the aggregate economy
 - d. The labor market and income inequality
 - e. Labor market policies to address unemployment and income inequality
- 9. The credit market (3 lectures)
 - a. Concept of borrowing and the economic reasons to borrow
 - b. Balance sheets
 - c. Credit market constraints from the principal-agent problem
 - d. Credit market and inequality
 - e. Credit market and labor market
- 10. Banks, money, housing and financial assets (4 lectures)
 - a. Introduction to banks, banking system, money and assets
 - b. Role of the central bank
 - c. The value of an asset-risk and returns
 - d. Asset market bubbles
 - e. Global financial crisis and the role of central bank
 - f. Banking, markets and morals
- 11. Market success and failures (3 lectures)
 - a. The market and other institutions
 - b. Types of market failures and the role of public policy
- 12. Governments and markets (3 lectures)
 - a. Limits of the market and the government as an economic actor

- b. Spending by the government
- c. Feasibility of economic policies and administrative policies
- d. Distributional impacts of public policies

Books & References: Lecture slides shall be provided when used. The following text will be useful

1. Economy, Society, and Public Policy, CORE Team, Oxford University Press, 2019
2. Doing Economics – Empirical Projects, CORE Team, <https://www.core-econ.org/project/doing-economics/>

Evaluation & grading policies: There shall be 1 mid semester exam (25%), 1 end semester exam (35%), 2 pop-quizzes (15% each), and marks for attendance (10%)

1. The 2 pop-quizzes shall be announced on Monday of the week it is scheduled to take place, and the quiz shall take place on the following Thursday of the week. The syllabus for the same shall be everything done in class until the week prior to the exam.
2. The mid semester exam shall cover all the syllabus covered until the beginning of the mid-semester week.
3. The end semester exam shall cover the whole syllabus of the course.
4. Attendance shall be taken biometrically and at least 80% attendance is required to score full marks for attendance. Those attending less than 80% of the lectures shall have a pro-rated score for the same.
5. In case of impropriety during exams the student shall be awarded zero for that exam.
6. In case of impropriety for attendance, the students involved shall be marked absent for the day.

Course webpage: We will be using moodle (Hello IITK) for course discussions, material uploads, and announcements. All announcements shall also be sent to the course email id (eco311@iitk.ac.in), so please be regular in checking your emails. In case you are not automatically added to the course webpage or mailing list inform the instructor at the earliest.

Mode of communication: The preferred mode of communication with the instructor is email. In case you do not receive a reply within 24 hours of mailing (except on weekends), kindly send a reminder. If it is a time sensitive matter, mention so in the subject line and I shall respond immediately.

Code of conduct: Basic classroom decorum is expected during lectures. Please be mindful of everyone in your class and that each student has different requirements. This way we can ensure a positive environment for learning.

It is important to be on time for the lectures. No one shall be allowed to enter the lecture hall later than 5 minutes into the start of the lecture.

Classroom participation is appreciated to make the learning process interactive and fruitful. Kindly have an open mind to discussions that happen in the classroom and be mindful of the language used in class.

While emailing the instructor or tutor, maintain the basic etiquettes. Please have a salutation when you start a mail, something as simple as 'Hello' would do and introduce yourself in the mail. In the subject line include the course number ECO111 for easy identification.

Kindly refrain from using the instructor's personal phone number unless in an emergency. Anything that can be sorted through mail should be done so. However, there can be circumstances where it is imperative and urgent to call the instructor, please do not hesitate in such moments.

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