**St. Mary’s University**

**Faculty of Business**

**Department of Management**

**Syllabus for Economics (Common Course)**

1. **Course description**

This course provides a general introduction to economics combining elements of micro and macro fundamentals. The first part of the course focuses on theories of consumers’ and producers’ behavior. Besides the course will also cover the neoclassical theory of product and/or service pricing for perfectly competitive market and provide brief introduction to monopoly, monopolistic competition, and oligopoly market structures. The second major part of the course will discuss elements of macroeconomics such as macroeconomic goals, national income account and its measurement, macroeconomic problems and policy instruments. In offering the course, the real contexts Ethiopia will be thoroughly considered.

**Chapter One: Introduction (6 hours)**

1. Introduction
   1. Definition and Meaning of Economics
   2. Rationale of Economics
   3. Scope and methods of economic analysis
      1. Micro and macro economics
      2. Positive and normative economics
      3. Inductive and deductive reasoning in economics.
   4. Scarcity, choice, opportunity cost and production possibilities frontier
   5. Basic economic questions,
   6. Economic systems
   7. Decision making units and the circular flow model

**Chapter Two: Theory of Demand and Supply (8 hours)**

1. Theory of Demand and Supply
   1. Theory of Demand
      1. Demand function, demand schedule and demand curve
      2. Determinants of Demand
      3. Elasticity of Demand
   2. Theory of Supply
      1. Supply function, supply schedule and supply curve
      2. Determinants of supply
      3. Elasticity of supply
   3. Market equilibrium

**Chapter Three: Theory of Consumers’ Behavior (9 hours)**

1. Theory of Consumers’ Behavior
   1. Consumer preferences
   2. The concept of utility
   3. Approaches of measuring Utility
      1. The cardinal utility approach
         1. Assumptions of cardinal utility theory
         2. Total and marginal utility
         3. Law of diminishing marginal utility (LDMU)
         4. Equilibrium of the consumer
      2. The ordinal utility approach
         1. Assumptions of ordinal utility approach
         2. Indifference curve and map
         3. Properties of indifference curves
         4. The marginal rate of substitution (MRS)
         5. The budget line or the price line
         6. Equilibrium of the consumer

**Chapter Four: The Theory of Production and Costs (8 hours)**

1. Theory of Production and Costs
   1. Theory of production in the short run
      1. Definition of production
      2. Production function
      3. Total, average, marginal product
      4. The law of variable proportions
      5. Stages of production
   2. Theory of costs in the short run
      1. Definition and types of costs
      2. Total, average, marginal costs in the short run
      3. Relationship between short-run production and cost curves

**Chapter Five: Market structure (6 hours)**

1. Market structure
   1. The concept of market in physical and digital space
   2. Perfectly Competitive market
      1. Assumptions
      2. Short run equilibrium of the firm
      3. Short run equilibrium of the industry
   3. Monopoly market
      1. Definition and Characteristics
      2. Sources of Monopoly
   4. Monopolistically competitive market
      1. Definition and characteristics
   5. Oligopolistic market
      1. Definition and characteristics

**Chapter Six: Fundamentals of Macroeconomics (facts from Ethiopia) (11 hours)**

1. Fundamentals of macroeconomics
   1. Goals of Macroeconomics
   2. The National Income Accounting
      1. Approaches to measure national income (GDP)
      2. Other income accounts (GNP, NNP, NI, PI and DI)
   3. Nominal versus Real GDP
   4. The GDP deflator and the Consumer Price Index(CPI)
   5. The Business Cycle
   6. Macroeconomic Problems
      1. Unemployment
      2. Inflation
      3. Trade deficit and budget deficit
   7. Macroeconomic Policy Instruments
      1. Monetary policy
      2. Fiscal policy
2. **Course teaching methodology**

Lecture, Brain-storming sessions, Group discussions, Individual and group assignments

1. **Assessment Methodology**

Assignment (individual and/or group) (20%)

Tests/ quiz (30%)

Final Exam (50 %)

1. **Course policy**

* Attendance: it is compulsory to come to class on time and every time. If students are going to miss 15% of the class during the term, they shall not be allowed to sit the final exam,
* Assignments: students must do their individual and group assignments and submit on time
* Tests/Quizzes: instructors should give short quizzes and tests as appropriate.
* Cheating: students must do their own work and should not copy answers from someone else.
* Acts and mannerisms: When students are in class, they are strictly forbidden from chewing gum, consuming any addictive substances, listening to recorders or CD players, or being involved in acts that interrupt the normal teaching-learning process. Besides, students are required to switch off their cell phones before class and exam sessions. Students who attempt to disobey these rules and regulations will be subject to disciplinary measures accordingly to the Senate Legislations of the University.
* Participation: students are expected make active participation during class sessions.
* Coordination: instructors shall play a pivotal role in facilitating the teaching and learning processes both in the class room and outside the class rooms.

1. **Readings and texts**
2. A. Koutsoyiannis, Modern Microeconomics
3. D.N.Dwivedi, 1997, Micro Economic Theory, 3rd edition., Vikas Publishing
4. R.S. Pindyck& D.L. Rubinfeld, Microeconomics.
5. Hal R. Varian, Intermediate Microeconomics: A Modern Approach, 6th edition.
6. C.L.Cole, Micro Economics: A Contemporary Approach.
7. Ferguson & Gould’s, 1989, Microeconomic Theory, 6th edition.
8. N. Gregory Mankiw, 2007, Macroeconomics, 4th edition.
9. P. Aghion and P. Howitt ,2009, The Economics of Growth, The MIT Press.
10. A. B. Abel and B.S. Bernanke, 2017, Macroeconomics, 9th edition, Pearson.
11. Ayele Kuris, Introduction to Economics, 2001.
12. Begg, Fisher &Dornbusch, 2005, Macroeconomics, 8th Ed.
13. Liberman, Marc and Hill, Robert E, 2005, Introduction to Economics 2nd Ed.
14. Richard E. Carmichael, 2006, Economics for Everyone: An introduction to Economics.