

Government of Russian Federation
Federal State Autonomous Educational Institution of Higher Education
"National Research University Higher School of Economics"

Syllabus for the course "ECONOMICS"

Parallel Degree Bachelor's Programme of HSE and University of London

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Management and Digital Innovation

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About

Economics is a science of decision making under resource constraints. In this introductory course, students learn how households, businesses, and governments make choices and interact in the economy. Students learn introductory economics without complicated mathematical models and develop the understanding of the subject from a general standpoint, see the big picture. The course aims to introduce the central concepts from various fields, including micro- and macroeconomics, game theory, institutional and development economics, behavioral economics.

Topics

1. What Economics is About

A brief history of economic thought. Fields of studies. Positive and normative economics. Models and *as if* principle. Common myths about economics and economists.

2. Choice

How people make decisions. Trade-offs and opportunity costs. Rationality assumption. Incentives.

3. Game Theory

Definition of a game. Pure and mixed strategies. Nash Equilibrium. Normal and extended form games. Subgame perfection. Commitments.

4. Specialization and Trade

Absolute and comparative advantage. Gains from trade. Modern view on international trade.

5. Markets

Perfect competition and the invisible hand. Market power and imperfect competition. Government interventions.

6. Market Failures

Information asymmetry. Externalities and public goods. Coase theorem.

7. Macroeconomic Data

National accounts. Measuring income, inflation and unemployment.

8. Development

Growth and the role of technology. Description of the Solow model. Growth in different countries. Institutions — inclusive and extractive.

9. Cycle

Economic fluctuations. Crises. Keynes, Friedman and the Great Depression.

10. Finance and Money Market

Financial markets and instruments. Efficient market hypothesis. Bubbles. Banking system and market for money.

11. Inequality

Measuring inequality. Types of inequality and resulting incentives. Methods of reducing inequality.

12. Economics and Friends

Happiness studies. Normative criteria. Limited rationality and behavioral economics. Cross-disciplinary studies.

Readings

1. Bowles, S., Carlin, W. and Stevens, M. (2017). 'The Economy. Economics for a Changing World'. Available at: <http://www.core-econ.org>

Course Plan

#	Topic	Total hours	Course format		Self-study	Textbook Unit
			Lecture	Seminar		
1	What Economics is About	12	4	2	6	1
2	Choice	12	4	2	6	3
3	Game Theory	14	4	4	6	4
4	Specialization and Trade	12	4	2	6	18
5	Markets	12	4	2	6	8
6	Market Failures	14	4	4	6	12
7	Macroeconomic Data	12	4	2	6	15
8	Development	14	4	4	6	16
9	Finance and Money Market	14	4	4	6	10
10	Cycle	12	4	2	6	13, 17
11	Inequality	12	4	2	6	19
12	Economics and Friends	12	4	2	6	20, 21, 22
	Total:	152	48	32	72	

Grade Determination

Students are supposed to write 2 short (5000-7000 characters) individual essays on any topics of the course they choose and participate in a project to be presented at the seminar (primarily with literature review on a chosen topic). In the end, students write the exam with short open questions about the course concepts.

Essays are supposed to be submitted before the specified deadline. After the deadline, essays are graded with discount. Plagiarism and any other ethics violation will result in severe penalties.

Final grade to be determined as follows:

$$\text{Final} = 0.1 \times \text{Essay1} + 0.3 \times \text{Essay2} + 0.3 \times \text{Project} + 0.3 \times \text{Exam}$$