

Addis Ababa Science and Technology University

College of Natural and Social Science

Department of Business and Management

Course Syllabus

Course Title: Introduction to Economics

Course code: Econ - 2009

Credit Hrs: 3

Contact Hrs: 3

Instructors' Name: Mengesha Yayo (Ph.D), Dugugassa Mulugeta (Ph.D.) , Antignt Birhan, Faris Idris Akililu Amiga , Mamo Girma.

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.

General objective

The course will introduce students to the fundamental economic concepts and principles.

Specific Objectives

This course is aimed at:

- ✓ Describing the major economic agents and their respective roles and objectives,
- ✓ Introducing the concepts of demand and supply and their interactions.
- ✓ Introducing students to the neoclassical theory of consumer preferences and utility maximization approaches,
- ✓ Discuss short- run behaviour of production and the related cost structure,
- ✓ Introduce the different market structures and their real-world applications, and
- ✓ Equipping students with macroeconomic goals, national income accounting, economic problems and policy instruments in light Ethiopian context.

Expected learning outcomes

After completing introduction to economics, students will be able to:

- ✓ Describe the major economic agents and their corresponding roles and objectives;
- ✓ Understand the concepts of demand and supply and their interactions;
- ✓ Explain the objective functions of consumers and producers' behaviour in the short run,
- ✓ Differentiate the various types of market structures,
- ✓ Understand the fundamental macroeconomic concepts, problems and policy instruments in the context of Ethiopia.

Course Content

Chapter One: Introduction (6 hrs)

1. Introduction
 - 1.1 Definition and Meaning of Economics
 - 1.2 Rationale of Economics
 - 1.3 Scope and methods of economic analysis
 - 1.3.1 Micro and macroeconomics
 - 1.3.2 Positive and normative economics
 - 1.3.3 Inductive and deductive reasoning in economics.
 - 1.4 Scarcity, choice, opportunity cost and production possibilities frontier
 - 1.5 Basic economic questions
 - 1.6 Economic systems
 - 1.7 Decision making units and the circular flow model

Chapter Two : Theory of Demand and Supply (8 hrs)

2. Theory of Demand and Supply
 - 2.1 Theory of Demand
 - 2.1.1 Demand function, demand schedule and demand curve
 - 2.1.2 Determinants of Demand
 - 2.1.3 Elasticity of Demand
 - 2.2 Theory of Supply
 - 2.2.1 Supply function, supply schedule and supply curve
 - 2.2.2 Determinants of supply
 - 2.2.3 Elasticity of supply
 - 2.2.4 Market equilibrium

Chapter Three: Theory of Consumers' Behaviour (9 hrs)

3. Theory of Consumers' Behaviour
 - 3.1 Consumer preferences

- 3.2 The concept of utility
- 3.3 Approaches of measuring Utility
 - 3.3.1 The cardinal utility approach
 - 3.3.1.1 Assumptions of cardinal utility theory
 - 3.3.1.2 Total and marginal utility
 - 3.3.1.3 Law of diminishing marginal utility (LDMU)
 - 3.3.1.4 Equilibrium of the consumer
 - 3.3.2 The ordinal utility approach
 - 3.3.2.1 Assumptions of ordinal utility approach
 - 3.3.2.2 Indifference curve and map
 - 3.3.2.3 Properties of indifference curves
 - 3.3.2.4 The marginal rate of substitution (MRS)
 - 3.3.2.5 The budget line or the price line
 - 3.3.2.6 Equilibrium of the consumer

Chapter Four : Theory of Production and Cost (8hrs)

- 4. Theory of Production and Costs
 - 4.1 Theory of production in the short run
 - 4.1.1 Definition of production
 - 4.1.2 Production function
 - 4.1.3 Total, average, marginal product
 - 4.1.4 The law of variable proportions
 - 4.1.5 Stages of production
 - 4.2 Theory of costs in the short run
 - 4.2.1 Definition and types of costs
 - 4.2.2 Total, average, marginal costs in the short run
 - 4.2.3 Relationship between short-run production and cost curves

Chapter Five : Market Structure (6 hrs)

- 5. Market structure
 - 5.1 The concept of market in physical and digital space
 - 5.2 Perfectly Competitive market
 - 5.2.1 Assumptions
 - 5.2.2 Short run equilibrium of the firm
 - 5.2.3 Short run equilibrium of the industry
 - 5.3 Monopoly market
 - 5.3.1 Definition and Characteristics
 - 5.3.2 Sources of Monopoly
 - 5.4 Monopolistically competitive market
 - 5.4.1 Definition and characteristics
 - 5.5 Oligopolistic market

5.5.1 Definition and characteristics

Chapter Six : Fundamentals of macroeconomics (with stylized facts from Ethiopia) (11 hrs)

- 6. Fundamentals of macroeconomics
 - 6.1 Goals of Macroeconomics
 - 6.2 The National Income Accounting
 - 6.2.1 Approaches to measure national income (GDP)
 - 6.2.2 Other income accounts (GNP, NNP, NI, PI and DI)
 - 6.3 Nominal versus Real GDP
 - 6.4 The GDP deflator and the Consumer Price Index (CPI)
 - 6.5 The Business Cycle
 - 6.6 Macroeconomic Problems
 - 6.6.1 Unemployment
 - 6.6.2 Inflation
 - 6.6.3 Trade deficit and budget deficit
 - 6.7 Macroeconomic Policy Instruments
 - 6.7.1 Monetary policy
 - 6.7.2 Fiscal policy

Course teaching methodology

The course will involve deploying different teaching methods that attempt to make the teaching learning process as effective as possible. For most part of the course, delivery method will be arranged as to make the process student-centered. There shall be full and active participation from students, and they are strongly encouraged to ask questions, to reflect on brain-storming queries, and be involved actively and attentively in take-home assignments and peer discussions that appear during the semester both within and outside class-room sessions.

While there is no limit to the imagination and flexibility of the instructor, the course delivery techniques will generally involve the following items:

- ✓ Lecture with intense student participation
- ✓ Tutor
- ✓ Brain-storming sessions
- ✓ Group discussions
- ✓ Presentation

Assessment Methodology

Students will be evaluated using different mechanisms and their weights as indicated in the table below.

Table1. General assessment profile

Assessment weight	Weight
Assignment (individual and/or group)	20%
Tests/ quizzes	30%
Final Exam	50 %
Total	100

Course policy

- o **Attendance:** it is compulsory to come to class on time and every time. If students are going to miss **85% of the class** during the term, they shall not be allowed to sit the final exam. If a student also misses more than one exams and/or quizzes or if failed to attend at least 85% of the class, the student will be treated as “**Non-Gradable**” and shall receive an “**NG**” grade.
- o **Assignments:** students must do their individual and group assignments and submit on time. Assignments shall be submitted on or before the due date as specified by the instructor,
- o **Tests/Quizzes:** instructors should give short quizzes and tests as appropriate.
- o **Cheating:** students must do their own work and should not copy answers from someone else.
- o **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.

Commitments of instructor & students

- o **Preparedness:** students must come to class prepared by bringing the appropriate materials like handouts, worksheets, exercises given, text books and assignments. Students must plan their own learning through reading various course related materials and chapters in books. They are expected to work a lot individually to meet the requirement of the course. They have to use their time for group work and home study effectively.

- o **Participation:** students are expected make active participation during class sessions.
- o **Coordination:** instructors shall play a pivotal role in facilitating the teaching and learning processes both in the class room and outside the class rooms.

Readings and texts

Textbook: - Campbell R. McConnel, *Economic Principles, Problems and Policies*

1. A. Koutsoyiannis, *Modern Microeconomics*
2. D.N.Dwivedi, 1997, *Micro Economic Theory*, 3rd edition., Vikas Publishing
3. R.S. Pindyck& D.L. Rubinfeld, *Microeconomics*.
4. Hal R. Varian, *Intermediate Microeconomics: A Modern Approach*, 6th edition.
5. C.L.Cole, *Micro Economics: A Contemporary Approach*.
6. Ferguson & Gould's, 1989, *Microeconomic Theory*, 6th edition.
7. Dominic Salvatore and Eugene A. Diulio, *Principles of Economics*.
8. Williams Baumol, *Principles of Economics*, 9th Edition
9. Dwivedi, D.N. (2004), *Microeconomics: Theory and Applications*
10. Landsburg, Steven E. (1999), *Price Theory and Applications*, 4th edition, Cincinnati, Ohio: South Western College Publishing Company.
11. Mansfield, Edwin (1997), *Microeconomics: Theory and Applications*, 9th edition, New York: W.W. Norton and Co., Inc.
12. Browning, Edgar, and Mark A. Zupan (1999), *Microeconomic Theory and Applications*, 6th edition.
13. N. Gregory Mankiw, 2007, *Macroeconomics*, 4th edition.
14. P. Aghion and P. Howitt, 2009, *The Economics of Growth*, The MIT Press.
15. A. B. Abel and B.S. Bernanke, 2017, *Macroeconomics*, 9th edition, Pearson.
16. Ayele Kuris, *Introduction to Economics*, 2001.
17. Begg, Fisher & Dornbusch, 2005, *Macroeconomics*, 8th Ed.
18. Liberman, Marc and Hill, Robert E, 2005, *Introduction to Economics* 2nd Ed.
19. Richard E. Carmichael, 2006, *Economics for Everyone: An introduction to Economics*.

**KEEP THIS COURSE SYLLABUS AS A REFERENCE DOCUMENT WITHIN
YOUR COURSE/CLASS FILES**