# MASTER OF ECONOMICS

## *INTRODUCTION*

The Department of Economics (College of Business Administration) offers a Master's degree in **Economics**. The program accepts both Economics and non-Economics undergraduate degree holders. Both full-time and part-time students may be admitted to the program. The main specific objectives for this program are: to promote excellence in policy economics education and research within the Economics Department; Also, to offer a rigorous program which is highly integrative, incorporating global and ethical dimensions, and developing the required technical, leadership and interpersonal skills contributing to professional success.

*According to the University Council decision dated 4/2/2007, Thesis students admitted with effect from September 2007 are exempted from the comprehensive examination.*

## *PROGRAM REQUIREMENTS*

The program requirements are:

**42 (42) TOTAL COURSE CREDITS** (non-thesis option in parenthesis)

**27 (30) COMPULSORY * (credits in parenthesis)**

| | | |
|---|---|---|
| 1030-500 | Microeconomic Theory | (3) |
| 1030-501 | Macroeconomic Theory | (3) |
| 1030-502 | Applied Microeconomics | (3) |
| 1030-503 | Applied Macroeconomics | (3) |
| 1030-504 | Econometrics | (3) |
| 1030-593 | project (non-thesis option) | (3) |
| 2000-501 | Scientific Writing and Communication Skills | (3) |

* Upon completion of the compulsory courses the student is to select one of the two streams of specialization. Students wishing to specialize in any of the two tracks below are required to take all **three** courses in the chosen stream.

**Track one: Applied International and Financial Economics**

| | | |
|---|---|---|
| 1030-510 | International Trade Theory | (3) |
| 1030-511 | International Finance and Open Macroeconomy | (3) |
| 1030-512 | Economics of Financial Markets | (3) |

**Track two: Applied Public Economics**
1030-513    Public Economics I                                      (3)
1030-514    Public Economics II                                     (3)
1030-515    Industrial Economics and Industrialization    (3)

**6    (12) ELECTIVE\* (3 credits each)**

**Track one: Applied International and Financial Economics**
1030-513    Public Economics I
1030-514    Public Economics II
1030-515    Industrial Economics and Organization
1030-520    Applied Econometrics
1030-521    Special Topics in Economic Policy
1030-522    Special Topics in the Kuwaiti Economy
1030-523    Economics of Natural Resources
1030-524    Labor Economics
1030-525    Development Economics
1030-526    Special Topics in Economics

**Track two: Applied Public Economics**
1030-510    International Trade Theory
1030-511    International Finance and Open Macroeconomy
1030-512    Economics of Financial Markets
1030-520    Applied Econometrics
1030-521    Special Topics in Economic policy
1030-522    Special Topics in the Kuwaiti Economy
1030-523    Economics of Natural Resources
1030-524    Labor Economics
1030-525    Development Economics
1030-526    Special Topics in Economics

 \* Students are to select four courses (non-thesis option) or two courses (for thesis option) from the group of elective courses.

**9    COMPULSORY (Thesis)**

   1030-597        (0)
   1030-598        (0)
   2000-599        (9)

**Foundation Courses**
Students not holding an Economics undergraduate degree may be admitted to the program conditional on passing four foundation courses (3 credits each) (Mathematics for Economists, Survey I, Survey II, and Statistics). Any of these courses could be waived by successfully passing a placement test. The student must obtain an average grade of B (3 points) in the required foundation courses in order to be admitted to the Master's program.

1030-506    Mathematics for Economists    (shared code with Econ.205)

| 1030-507 | Survey of Economics I | (shared code with Econ.210) |
| 1030-508 | Survey of Economics II | (shared code with Econ.211) |
| 1030-509 | Statistics | (shared code with MBA.1015-531) |

## COURSE DESCRIPTION

**1030-500: MICROECONOMIC THEORY**
        **CR: 3**
Basics of optimizing behavior and equilibrium analysis. Theory of the consumer: Preferences, comparative statics, expenditure functions and indirect utility functions, compensation functions, Slutsky equation, duality, revealed preferences. Theory of the firm: Profit maximization, comparative statics, factor demand functions, duality. Theory of the Market: Competition, monopoly, oligopoly, Cournot-Nash equilibrium, collusion, Stackelberg behavior, conjectural variations. General equilibrium theory and welfare economics: Pareto efficiency and welfare maximization. Topics on game theory. Topics on the economics of information.

**1030-501: MACROECONOMIC THEORY**
        **CR: 3**
Microeconomic foundations of macroeconomics: Firms and households in the standard macroeconomic model. Aggregate demand and aggregate supply. Labor markets in the Classical and Keynesian models. Rational expectations and the Lucas critique. Dynamics The Ricardian equivalence controversy. Topics on open-economy macroeconomics. Topics on growth theory.

**1030-502: APPLIED MICROECONOMICS**
        **CR: 3 PR: 1030-500**
Part I: Empirical Applications: Estimation of consumer demand functions, Estimations of production functions.
Part II: Alternative ways to mainstream microeconomic analysis: Analysis of pricing and contractual behavior in the context of transaction costs. Property rights and their implications are examined and the theory of rent dissipation. Regulations and controls on the basis of constraint specifications.

**1030-503: APPLIED MACROECONOMIC**
        **CR: 3 PR: 1030-501**
Part I: Empirical Applications: The expectations-augmented Phillips curve. Estimation of a two-equation macro model with rational expectations.

Applications of parameter estimation in structural and reduced form equations of small macro-econometric models.
Part II: Applications to the Kuwaiti Economy: Topics on current goals and instruments of macro economic policy in Kuwait. Topics on Kuwait's recent macroeconomic performance and the macroeconomic reform. Topics on the Kuwait Financial system.

**1030-504: ECONOMETRICS**
        **CR: 3 PR: 1030-500+501**
Review of hypothesis testing. The basic methods of linear regression. Extensions to models with autocorrelated disturbances. Extensions to models with heteroskedastic disturbances. Extensions to models with lagged dependent variables. Introduction to time series concepts of unit roots and cointegration. Introduction to simultaneous equation models.

## Foundation Courses:

**1030-506: MATHEMATICS FOR ECONOMISTS**
        **CR: 3**
Introduction: Basic mathematical tools. Graphs and functions commonly used in economic theory. Partial derivatives and total derivatives. Concavity and convexity. Unconstrained maximization and minimization. Maximization and minimization subject to equality constraints. The implicit function theorem and the envelope theorem. Elementary integration methods. Vectors, matrices and determinants.

**1030-507: SURVEY OF ECONOMICS I**
        **CR: 3**
Introduction: The basic theoretical rationale for economic decision making by economic agents. Consumer Theory: Utility and preference, consumer choice, and demand analysis. Some applications and extensions of consumer choice theory. Production and cost. Market Structures: Perfect competition, monopoly, and monopolistic competition. Topics on regulation.

**1030-508: SURVEY OF ECONOMICS II**
**CR: 3**
Introduction. Recent trends in major macro economic variables, and business cycles. Micro foundations: Consumption and investment. The basic IS-LM model. New classical macro economics and rational expectations. Unemployment and inflation.

**1030-509: STATISTICS**
**CR: 3**
Introduction. Summarizing numerical information. Probability and random variables. Sampling and sampling distributions. Point estimation. Interval estimation. Hypothesis testing.

**1030-510: INTERNATIONAL TRADE THEORY**
**CR: 3**
The Ricardian model of comparative advantage. The specific factor model of trade. The Hecksher-Ohlin model of trade. The standard trade model trade model. Economies of scale and international trade. Imperfect competition and international trade. Instruments of trade policy. Topics on the political economy of trade.

**1030-511: INTERNATIONAL FINANCE AND OPEN MACROECONOMY**
**CR: 3 PR: 1030-501**
Basics of balance of payments. Traditional (Mundell-Fleming) approaches to exchange rates and balance of payments. Modern approaches to exchange rates and balance of payments. Fiscal, monetary, and exchange rate policies under different degrees of capital and labor mobility. Topics on international transmission of business cycles. Topics on the international monetary system. Empirical studies on macroeconomic interdependence and exchange rates.

**1030-512: ECONOMICS OF FINANCIAL MARKETS**
**CR: 3**
Part I: Finance Theory
The notions of risk and return in equity markets in the context of asset pricing and in the management of equity portfolios. Expected utility theory and the capital asset pricing model. Arbitrage pricing theory and options pricing and dynamic hedging strategies.
Part II: Monetary Theory
Money supply and the multiple deposit creation process. Money demand, from the Fisher quantity theory, to the Keynesian liquidity preference, to the modern quantity theory. The role of expectations in stabilization policy. Money and inflation. Macroeconomic policy in the international economy.

**1030-513: PUBLIC ECONOMICS I**
**CR: 3**
Externalities as a source of market failure. Public goods as a source of market failure. Market failure implications and the justification for government intervention. Incidence and efficiency aspects of taxation. Public expenditure and taxation in the context of public choice theory

**1030-514: PUBLIC ECONOMICS II**
**CR: 3 PR: 1030-513**
The theory of optimal income taxation. Public policy in the state of Kuwait. Taxation in the Arab World. Topics on public expenditures and social programs in the Arab. World. Countries experiences in the design of income maintenance programs and the design of public policy in dynamic settings.

**1030-515: INDUSTRIAL ECONOMICS AND INDUSTRIALIZATION**
**CR: 3     PR: 1030-500**
Review of the theory of the firm. Competition and efficiency. Measurement of market concentration. Oligopoly theory. Modern oligopoly models. Collusion and cartels practices. Monopolizing practices and barriers to entry. Vertical integration. Market structure and innovation.

**1030-520: APPLIED ECONOMETRICS**
**CR: 3     PR: 1030-504**
Econometric models of demand functions: Structural and time series approaches. Topics on causality and simultaneity. Modeling interrelated demands for factors of production, translog functions. Parameter estimation in structural and reduced form equations of macroeonometric Models. Econometrics of the labour markets: Applications of limited dependent variables procedures.

**1030-521: SPECIAL TOPICS IN ECONOMIC POLICY**
**CR: 3 PR: 1030-501**
The rationale behind the design of macroeconomic policies. Topics on the regulatory framework of the financial sector. Topics on trade policy, integration and regional relations in the Gulf region. Topics on social policies in the Arab World. Structural adjustment and economic reform policies, with a

focus on the Arab World.

**1030-522: SPECIAL TOPICS IN THE KUWAITI**
**ECONOMY**
**CR: 3 PR: 1030-501**

The structure of the Kuwaiti economy. Features of monetary and fiscal policies in Kuwait International influences on the Kuwaiti economic growth and development paths. Structural problems in the Kuwaiti economy. Structural adjustment and economic reform attempts in Kuwait. The Kuwaiti economy and regional integration.

**1030-523: ECONOMICS OF NATURAL**
**RESOURCES**
**CR: 3**

The theory and methodology of resource economics. Survey of institutional arrangements for resource extraction.- The analysis pertaining to using exhaustible resources. The analysis pertaining to using renewable resources. The Economics of alternative energy technologies. The future of the oil industry in Kuwait.

**1030-524: LABOR ECONOMICS**
**CR: 3**

Demand and supply in the competitive labor markets. Demand and supply in non-competitive labor markets. Topics on institutional factors that affect market operations. Topics on internal labor markets. The exit voice model of trade unions. Topics on discrimination in the labor markets. The Labor market in Kuwait

**1030-525: DEVELOPMENT ECONOMICS**
**CR: 3**

Models of growth, from Solow to the new growth theory. Topics on population human resources and labor markets with a focus on the Arab World. The agricultural sector in the Arab World. Topics trade policies and development .Topics on poverty an income distribution, with a focus on the Arab World**.** Topics on the role of the public sector in development. The environment and development.

**1030-526: SPECIAL TOPICS IN ECONOMICS**
**CR: 3**

The tutor chooses the topics that he/she will teach for the semester. Topics should be different from those included in elective courses.

**1030-597: THESIS**
**CR: 0**

**1030-598: THESIS**
**CR: 0**

**2000-599: THESIS**
**CR: 9**