

INTERMEDIATE LEVEL ECONOMICS

OBJECTIVE:

The objective of this paper is to familiarize the students with the basic concepts of microeconomics and macroeconomics; and how they are applied in the real world.

CONTENTS:

Introduction to Economics

- Economics as the study of scarcity and choice
- Role of assumptions in economics
- Ten lessons from economics

The economics paper covers both microeconomics and macroeconomics.

Microeconomics

- **Supply and Demand I: How Markets Work**
 - Market forces of supply and demand
 - Elasticity of demand and supply and tax incidence
 - Supply, demand, and government policy
 - Consumers, producers and efficiency of markets
- **Supply and Demand II: Markets and Welfare**
 - Consumers, producers, and the efficiency of markets
 - Costs of taxation: deadweight loss of taxation and tax revenue
- **The Economics of the Public Sector**
 - Externalities, market inefficiency, solutions to externalities, including Pigouvian tax.
 - Public goods and commons resources
 - The design of tax system in Malaysia: financial overview of the sources of Government revenue; tax policies and economic growth; tax incidence and tax equity; goods and service tax (GST); corporate income tax
- **Firm Behavior and the Organization of Industry**
 - Costs of production: fixed and variable costs; opportunity cost; marginal costs; short-run and long-run costs; economies and diseconomies of scale
 - Firms in competitive markets
 - Monopoly
 - Overview of competition policy
 - Monopolistic competition and oligopoly
 - Competition regulation in Malaysia

Macroeconomics

- **Measuring GNP and GDP**
- **Money and Inflation**
 - What is money?
 - Functions of money
 - Inflation of money growth
- **Open economy**
 - International flows of capital and goods; trade balance;
 - Exchange rates – (nominal and real)
- **Unemployment**
 - Real-wage rigidity and structural unemployment
 - Minimum wage laws

- **Economic growth**
 - Capital accumulation and population growth
 - Technology, and policy
- **Business Cycle Theory**
- **Aggregate Demand**
 - Monetary and Fiscal policy
- **Government Debt**
- **Money Supply and Demand**
- **Fiscal Policy**

READING LIST - ECONOMICS

1. N.G. Mankiw. (2016). **Principles of Economics**. 7th ed. (***Core Textbook***)
2. **Laporan Ekonomi / Economic Report**. Ministry of Finance
3. **Laporan Tahunan / Annual Report**. Bank Negara Malaysia