



THE LONDON SCHOOL  
OF ECONOMICS AND  
POLITICAL SCIENCE ■



# CHOOSING ECONOMICS COURSES

2022/23





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# SELECTING 100 AND 200 LEVEL ECONOMICS COURSES





If you are considering studying economics and/or related courses as a General Course or GO LSE student in 2022/23, please read the following guidance regarding the prerequisites and the expected level of maths for these courses.

You should note that some 100 and 200 level economics courses have a final exam in the January exam session that runs from 9 to 13 January 2023. If you take one of these courses you will need to return to London after the Christmas break to sit the exam. You cannot apply to sit these exams overseas.

### Choosing 100 and 200 level Economics courses

For General Course and GO LSE students there are two pathways through 100 and 200 level economics courses. The first pathway requires strong quantitative skills in both calculus and statistics. These courses will require permission from the course convener.

**PLEASE NOTE: This can only be obtained once you have arrived at LSE in September 2022.**

Look carefully at any prerequisites for these courses. For any LSE Maths or Statistics courses listed as a prerequisite, have a look at the [LSE Calendar](#) entry for those course to ensure that the courses you have taken at your home institution cover equivalent material to a similar depth.

The second pathway entails minimal quantitative background. These are courses you are able to freely select and do not require permission.



### EC1A3 Microeconomics 1 (Michaelmas Term Half Unit)

**An introductory microeconomics course that requires a background in calculus equivalent to A-level Maths, AP Calculus BC or Higher Level Maths in the International Baccalaureate.**

**Access to this course requires permission of the course convener.**

Covers:

- Foundations of rationality and individual decision making.
- Strategic interaction and equilibrium (game theory).
- Consumer behaviour, company strategies and auction theory.
- Indicative textbook: D Acemoglu, D Laibson and J A List, *Microeconomics* (Pearson: 2017).

### EC1A5 Microeconomics 1 (Michaelmas Term Half Unit)

**A conceptual introduction to microeconomics that requires minimal maths background and no calculus.**

More issue-focused it covers:

- Consumers and producers.
- Competitive and monopolistic markets.
- Inequality and taxation.
- Market failures.
- Issues areas: market failure, climate change, minimum wage, universal basic income, immigration, impact of technology and tech giants and the gender pay gap.
- Indicative textbook: *The Core Team, The Economy: Economics for a Changing World* (OUP: 2017).

### EC1B3 Macroeconomics 1 (Lent Term Half Unit)

**An introduction to macroeconomic analysis that requires strong quantitative skills.**

**Access to this course requires permission of the course convener.**

**Prerequisites: EC1A3**

Students who have studied microeconomics elsewhere should speak with the Department of Economics if they wish to take EC1B3.

Covers:

- Concepts and tools of macroeconomic analysis.
- Theories of economic growth and development.
- Economic cycles.
- The role of policy.
- Indicative textbook: S Williamson, *Macroeconomics* (Pearson: 2018).



## EC1B5 Macroeconomics 1 (Lent Term Half Unit)

**An introductory macro course that requires minimal maths background.**

### Prerequisites: EC1A5

Students who have studied microeconomics elsewhere should speak with the Department of Economics if they wish to take EC1B5.

Covers:

- Economic growth.
- Business cycles (booms and recessions).
- Unemployment.
- Inflation.
- Exchange rates.
- Monetary and fiscal policy.
- Indicative textbook: D Acemoglu, D Laibson and J A List, *Macroeconomics* (Pearson: 2017).

## EC2A3 Microeconomics II (Michaelmas Term Half Unit)

**Access to this course requires permission of the course convener.**

### Prerequisites

Students must have completed a calculus-based microeconomics course equivalent to EC1A3 Microeconomics I and have a strong maths background equivalent to MA107 Quantitative Methods (Mathematics) including a solid background in calculus.

**This is an intermediate level micro course, replacing EC201 Microeconomic Principles I.**

It provides an in-depth analysis of microeconomic theory, as well as applications of the tools of microeconomics to concrete economic problems. Topics covered will include:

- In-depth analyse of demand and supply side.
- Analysis of general equilibrium.
- Market failures arising from asymmetric information.
- Game theory, including sequential games.
- Oligopoly markets.
- Public goods and externalities.
- Indicative textbook: J. M. Perloff, *Microeconomics: Theory and Applications with Calculus*, 4th ed (Pearson: 2018).
- As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC201, the course it is replacing, the failure rate was 10 per cent and the median exam grade was B+.

## EC2A5 Microeconomics II (Michaelmas Term Half Unit)

### Prerequisites

An introductory microeconomics course equivalent to EC1A5 Microeconomics I.

**This is an intermediate micro course that requires minimal maths background and no calculus. It replaces the Michaelmas Term of EC230 Economics in Public Policy.**

This course makes use of microeconomic analysis to explore a range of contemporary issues examining how economic policy can change economic outcomes. Precise topics covered will vary from year-to-year but may include:

- Externalities from road transportation.
- The trade-off behind unemployment insurance systems.
- The effectiveness of policies to support peripheral regions.
- The effects of international economic integration.
- The patterns of long-run income and wealth inequality.
- The economics of global warming.
- There is no set course textbook; a list of selected texts and readings will be provided at the start of Term depending on the topics covered.
- As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC230, the course it is replacing, the failure rate was 1 per cent and the median exam grade was B+.

## EC2B3 Macroeconomics II (Lent Term Half Unit)

**Access to this course requires permission of the course convener.**

### Prerequisites

Students must have completed a calculus-based microeconomics course equivalent to EC1A3 Microeconomics I, EC1B3 Macroeconomics I and have a strong maths background equivalent to MA110 Quantitative Methods, including single variable calculus.

**This is an intermediate level macro course, replacing EC210 Macroeconomic Principles.**

This course analyses and discusses observed behaviour of macroeconomic activity across time and across countries. Topics covered include:

- Economic growth.
- Economic convergence.
- Endogenous growth models.
- The roles of human capital and R&D.
- Consumption and savings.
- Ricardian equivalence.
- Credit market imperfections.
- Unemployment.
- Inflation and monetary policy.
- Financial systems and financial crises.
- Business cycles and fiscal stimulus.





- Indicative textbook: O Blanchard and D R Johnson, Macroeconomics 7th ed (Pearson: 2017)
- As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC210 Macroeconomic Principles, the course it is replacing, the failure rate was 10 per cent and the median exam grade was B+.

## EC2B5 Macroeconomics II (Lent Term Half Unit)

### Prerequisites

An introductory macroeconomics course equivalent to EC1B5 Macroeconomics I.

**This is an intermediate macro course that requires minimal maths background and no calculus. It replaces the Lent Term of EC230 Economics for Public Policy.**

This course makes use of macroeconomic analysis to explore a range of contemporary issues examining how economic policy can change economic outcomes. Precise topics covered will vary from year-to-year but may include:

- Central bank independence.
- Causes of and responses to the global financial crisis.
- Currency crises and how can policy prevent them.
- Trade wars.
- Sovereign debt crisis.
- Income convergence and poverty.
- There is no set course textbook; a list of selected texts and readings will be provided at the start of Term depending on the topics covered.
- As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC230, the course it is replacing, the failure rate was 1 per cent and the median exam grade was B+.

## EC2C3 Econometrics I (Michaelmas Term Half Unit)

**Access to this course requires permission of the course convener.**

### Prerequisites

A very solid grounding in statistics and probability theory equivalent to ST102 Elementary Statistical Theory or ST107 Quantitative Methods (Statistics). A good grade in a serious multivariate differential calculus course and some knowledge of partial derivatives helps.

You should look at the separate guidance notes on econometrics courses on page 6.

**This course is an applied introduction to econometrics covering regression-based techniques replacing EC220 Introduction to Econometrics. Students will work with the STATA software package in analysing data sets. Topics covered include:**

- Randomised experiments.
- Program evaluation.
- Matching.
- Simple and multiple regression analysis.
- Omitted variable bias.

- Functional form.
- Measurement error.
- Instrumental variables.
- The course will make use of the following textbooks: J. D. Angrist and J. S. Pischke, Mastering 'Metrics. The Path from Cause to Effect (Princeton University Press: 2014); J. Wooldridge, Introductory Econometrics: A Modern Approach, 6th ed (Cengage 2015); and J. H. Stock and M. Watson, Introduction to Econometrics (Pearson: 2011).
- As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC220, the course it is replacing, the failure rate was 10 per cent and the median exam grade was B+.

## EC2C4 Econometrics II (Lent Term Half Unit)

**Access to this course requires permission of the course convener.**

### Prerequisites

Students must have completed EC2C3. A very solid grounding in statistics and probability theory equivalent to ST102 Elementary Statistical Theory or ST107 Quantitative Methods (Statistics). A good grade in a serious multivariate differential calculus course and some knowledge of linear algebra will help.

You should look at the separate guidance notes on econometrics courses on page 6.

**This is an advanced econometrics course that follows on from EC2C3. It replaces EC221 Principles of Econometrics.**

This course is for those who wish to further develop and deepen their understanding of econometrics. Where the focus of EC2C3 is applied econometrics, EC2C4 focuses more on underlying econometric theory, looking at estimation methods, properties of estimators and hypothesis testing. The topics covered include:

- Bivariate and multiple regression (estimation, inference, asymptotic property).
- Endogeneity (omitted variables and simultaneity).
- Instrumental variables and two-stage least squares.
- Binary choice models.
- Time series analysis.
- Indicative textbook: J. Wooldridge, Introductory Econometrics: A Modern Approach, 6th ed (Cengage 2015).
- As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC221, the course it is replacing, the failure rate was 13 per cent and the median exam grade was B+.



# SELECTING ECONOMETRICS COURSES





If you want to, or need to, take econometrics while studying at LSE, you need to select the course that is appropriate for your existing quantitative skill set.

There are three different econometrics courses at LSE. Due to the level at which they operate and the quantitative skills they require, two of these are only available with permission from the course convenor.

The three courses are:

### **MG205 Econometrics: Theory and Applications**

Even though the course code isn't EC, this is an econometrics course on par with – and even a bit more demanding than – most econometrics courses taught in most econ departments in most US universities. It is a year-long course taught within the Department of Management.

The main aim of this course is to provide a thorough understanding of the quantitative techniques that guide evidence-based managerial decision-making. It seeks to develop a framework in which students can examine whether the predictions of managerial, social or economic theory are supported by empirical evidence.

The textbooks for the course are: J H Stock and M W Watson, *Introduction to Econometrics* 3rd ed (Pearson: 2011) – this is the standard textbook used in most econometrics courses in most econ departments in many US universities; and Jeffrey Wooldridge, *Introductory Econometrics – A Modern Approach* 5th ed (Southwestern, 2013).

The course covers simple and multiple regression; hypothesis testing; mechanics and limitations of OLS; causality; natural, field and laboratory experiments, and panel data. Particular emphasis is placed on (a) illustrating the many ways in which evidence is abused in academic or managerial debates, and (b) trying to establish causality in the relationship between variables. The approach of the course is formal, making extensive use of econometric theorems and techniques, and grounded in real-world applications.

The course makes use of the STATA software package and you will learn the basics of data manipulation and running regressions.

The prerequisites for the course are a good introductory course in statistics and probability (similar to the content of the LSE course ST107) and an introductory course in algebra and calculus (similar in content to the LSE course MA107).

While technically less demanding than the two econometrics courses offered by the Department of Economics, this is still a demanding full year econometrics course and is more than equivalent to the standard one-semester introductory econometrics courses on offer at most US universities. The failure rate for study abroad students taking this course is about 15 per cent. The median exam grade is a B-.

### **EC2C3 Econometrics I (Michaelmas Term Half Unit)**

**This course is only available to General Course/GO LSE students with permission of the course convenor.** If you wish to take the course, you will need to attend the orientation session for it at the start of the Term where your background in statistics will be assessed and reviewed.

The name of this course might give you the false impression that it is an entry-level course on econometrics. It isn't.

This course is taught at a higher level of mathematical sophistication and presumes an additional fluency in statistics than required for MG205. You will need a strong background in statistics and probability theory equivalent to ST102 Elementary Statistical Theory or ST107 Quantitative Methods (Statistics). It draws extensively on Professor Steve Pischke and Joshua Angrist's book *Mastering 'Metrics: The Path from Cause to Effect* (Princeton University Press; December 2014) as well as J W Wooldridge's *Introductory Econometrics: A Modern Approach* 5th ed (Southwestern: 2012). Lots of additional teaching material is provided via web-based material.

The course aims to present the theory and practice of empirical research in economics. Students will work with the STATA software package in analysing actual data sets. The focus of the course is on causal "what-if" questions (eg, whether our estimates will deliver answers to questions like: "what is the effect of monetary policy on output?").







The course content is sequential in nature: each week's topic builds on the previous one. If you don't master the ideas and materials covered in the first few weeks, you will not be able to handle the ones that come later. Expect to invest a lot of time and effort in this course!

Topics covered include: randomized experiments; matching, simple, and multiple regression analysis; hypothesis testing; omitted variables bias; functional form; measurement error; instrumental variables; simultaneous equations bias and two stage least squares; regression discontinuity designs, and differences-in-differences and panel data. Applications will be discussed throughout the course.

The prerequisites for the course are a solid background in algebraic equations and functions; at least one semester of intermediate level microeconomics; some multivariate differential calculus, and a rigorous course in statistics including coverage of probability theory and statistical inference. You should be familiar with the material covered in Chapters 2 and 3 of Stock and Watson's "Introduction to Econometrics" at the start of the course.

It is worth General Course/GO LSE students keeping in mind that LSE students taking this course will have taken the full year course in statistics, ST102, and a full year course in maths, MA100.

Do not be fooled by the 100 level listing of these two courses. They are the equivalent of 200 or 300 level courses at most US universities.

As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC220, the course it is replacing, the average failure rate was 10 per cent. The median exam grade was B+.

## EC2C4 Econometrics II (Lent Term Half Unit)

Taught within the Department of Economics, **this course is only available to General Course/GO LSE students with permission of the course convenor. EC2C3 Econometrics I is a prerequisite for this course.** If you wish to take EC2C4, you will need to attend the orientation session for it at the start of the Term where your background in linear algebra will be assessed and reviewed.

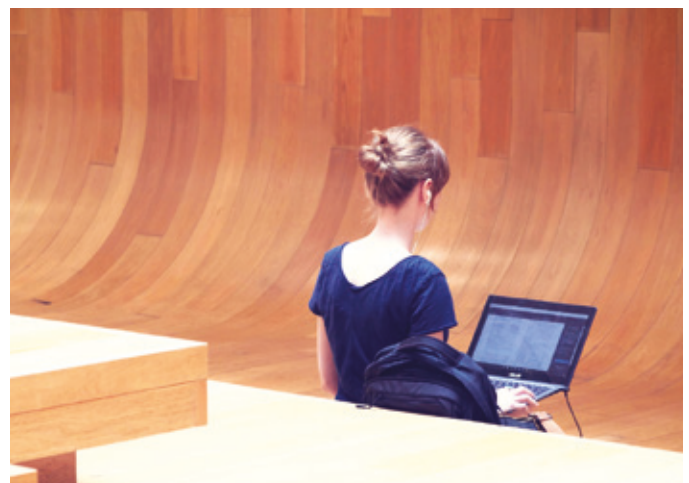
This course builds on the material covered in EC2C3 Econometrics I. Whereas the former is more 'applied', Econometrics II focuses on the underlying theory, stressing mathematical derivations and concentrating on formal proofs.

Textbooks used during the course are: J M Wooldridge, *Introductory Econometrics: A Modern Approach* (Thomson, 2012); J Johnston and J Dinardo, *Econometric Methods* (McGraw-Hill, 1997); G S Maddala, *Introduction to Econometrics* (John Wiley, 2009); W Greene *Econometric Analysis* (Pearson); and C Heij et al, *Econometric methods with applications in Business and Economics* (OUP). The course will also make use of J Stock and M Watson, *Introduction to Econometrics* 3rd ed (Pearson: 2011).

The course covers estimation methods, properties of estimators (unbiasedness, standard error formula, sampling distribution, consistency), hypothesis testing, bivariate and multiple regression (estimations, inference, asymptotic property), heteroskedasticity, endogeneity (omitted variable and simultaneity), instrumental variable and two-stage least squares, binary choice models, and time series analysis.

In addition to EC2C3 you should have a very solid background in linear algebra (covering matrices and vectors, though abstract vector spaces are not required); a solid background in multivariate calculus (differential calculus is more important than sophisticated integration); a solid background in intermediate level microeconomics, and a solid background in statistics.

As this is a new course from 2022/23 there is no track record of GC/GO LSE student performance on it. For EC221, the course it is replacing, the average failure rate was 13 per cent. The median exam grade was B+.





# SELECTING 300 LEVEL **ECONOMICS** COURSES







## Choosing 300 Level Economics Courses

The economics courses taught at LSE are more mathematically advanced, rigorous and demanding than those on offer at many other universities. Students studying Economics at LSE will have entered the programme with 5 in AP Calculus BC, A\* grades in A-level Maths or a 7 in Higher Level Maths from the International Baccalaureate.

In their first year, students studying for the BSc Economics at LSE take a number of compulsory courses. These are:

- EC1A1: an introductory microeconomics course that requires intro level calculus. This course is only available to students in the BSc Economics.
- EC1B1: an introductory macroeconomics course. This course is only available to students in the BSc Economics.
- EC1C1: an introductory course in econometrics. This course is only available to students in the BSc Economics.
- MA107: a maths course covering differentiation, partial differentiation, optimization and integration, use of matrices, and the solution of difference and differential equations;
- ST109: a statistics course covering statistical methods and techniques and probability and distribution theory.

These are demanding courses. You may find it useful to review the material covered in these courses as detailed in the **LSE Calendar** to ensure that the introductory econ, maths and stats courses you have taken cover similar material. More importantly, a comprehensive understanding of the material covered in these courses is the assumed background for the three compulsory 2nd year courses – EC2A1 Microeconomics II, EC2B1 Macroeconomics II and EC2C1 Econometrics II. These are all technically demanding full year courses which are not open to GC and GO LSE students.

In turn, these 200 level courses are the assumed backdrop for most of the 300 level Economics courses on offer at LSE. When selecting 300 level Economics courses that list micro, macro and possibly econometrics as prerequisites, you need to keep in mind that it is the LSE version of these courses that is being referred to. If the micro and macro courses that you have taken at your home university are not mathematically based and if you do not have a solid background in multivariate calculus, linear algebra and a good introduction to statistics and probability theory, you will find yourself at a distinct disadvantage when taking some of the 300 level Economics courses.

It is often the case that study abroad students understand the ideas and concepts being covered in the 300 level courses but that they struggle with the technical side when attempting to successfully complete problem sets and when answering questions in the exams. Though many of the 300 level course guides will list “textbooks”, very few teach on the basis of textbooks. Instead, they tend to rely on journal articles at the forefront of theoretical and applied research in economics. The textbooks are “background reading” that are indicative of the approach and scope of the course.

Finally, the failure rates for the courses listed below are a five year running average for General Course students (but they are equally relevant to GO LSE students). It is worth keeping in mind that the overall failure rate for General Course students in the end of year exams is about 4.6 per cent – and 90 per cent of those are in quantitative courses.

## EC301 Advanced Economic Analysis

### Prerequisites

Students must have completed an intermediate microeconomics equivalent to EC2A3 **and** macroeconomics equivalent to EC2B3. The capacity to read and understand applied research methods as covered in EC2C3 Econometrics is highly desirable. Students who have thoroughly mastered mathematics at least to the level of MA107, with MA100 giving a better grounding.

- A more macro oriented course.
- The first part of the course examines the relationship between the financial sector and the macroeconomy, exploring why financial crises exist and the role of asset bubbles, financial frictions, banking stability and market liquidity. The second part focuses on the determinants of economic growth such as capital accumulation, reallocation of resources between sectors of the economy and technological innovation. It does so both theoretically and empirically.
- A serious multivariate calculus course (differential calculus is much more important than sophisticated integration).
- The course is mainly based on lecture notes and journal articles. A useful background textbook is: C Jones and D Volrath, *Introduction to Economic Growth* (Norton: 2013).
- The track record of General Course students taking this course is relatively good, largely because the cohort is self-selecting. Those who lack the technical skills drop the course relatively early. Nevertheless, the failure rate is still around 20 per cent. The median exam grade is a C.

## EC302 Political Economy

This course makes use of key concepts in economic theory as well as econometric analysis.

### Prerequisites

Intermediate micro and macro equivalent to EC2A3 and EC2B3 are required, though micro is more important than macro.

A strong background and proven record in econometrics courses equivalent to Econometrics I EC2C3 **and** Econometrics II EC2C4, a statistics course equivalent to ST107 or ST102 and mathematics equivalent to MA107 or MA100.

- Requires a strong background in game theory.
- Covers theoretical models of political economy including social choice theory and preference aggregation; political economy of income distribution, and comparative electoral systems, turnout and strategic voting.
- There is no textbook covering all the course materials. Indicative background textbooks are: K A Shepsle and M S Bonchek, *Analysing Politics, Rationality, Behaviour and Institutions* (Norton) and W H Riker, *Liberalism against Populism* (Waveland Press).
- The General Course failure rate for the course is about 5 per cent. The median exam grade is a B.



## EC307 Development Economics

This course makes use of key concepts in economic theory as well as econometric analysis.

### Prerequisites

Students need an intermediate microeconomics course equivalent to EC2A3.

A strong background and proven record in econometrics courses equivalent EC2C3 **and** EC2C4, a statistics course equivalent to ST107 or ST102, and a mathematics course equivalent to MA107 or MA100.

- Covers main theories on the determinants of growth; economic institutions in developing countries; the failure of markets, and informal responses to these in the allocation and distribution of resources.
- While the course has a strong applied focus, for each topic testable implications are derived from theory and subject to econometric testing to examine the robustness of results and draw out policy conclusions.
- Textbooks: A Banerjee and E Duflo, *Poor Economic: A Radical Rethinking of the Way to Fight Global Poverty* (Public Affairs, 2012) and D Ray *Development Economics* (Princeton, 1998).
- But this is not a “textbook” course. It is an excellent course for motivated students already strongly drawn to issues of development economics. However, it has a very heavy reading load, so students need to be willing to read a great deal without considering this “work”.
- For those students with the appropriate background, the overall track record is relatively good. However, many of those who take the course without a solid background in econometrics have tended to struggle with the technical side and performed badly on the end of year exam.
- The General Course failure rate for this course is on average 10 per cent. The median exam grade is a B.

## EC309 Econometric Theory

(THIS IS EQUIVALENT TO GRADUATE LEVEL)

**Access to this course requires permission of the course convenor.**

### Prerequisites

This course is pitched at the level of an advanced graduate course.

Intermediate micro and macro equivalent to EC2A3 **and** EC2B3 are required.

A strong background and proven record in econometrics courses equivalent to econometrics EC2C3 **and** EC2C4.

Excellent grades in serious courses in linear algebra, multivariate calculus and statistics theory equivalent to ST102 or ST109 and MA100 are essential.

- Covers asymptotic theory of estimation and inference; large sample theory; linear regression models; testing hypotheses and model specifications; estimation of nonlinear models; systems of equations, and time series analysis.
- Textbook: R Davidson and J G MacKinnon, *Econometric Theory and Methods* (OUP: 2004).







- Only a handful of General Course students have the relevant background to handle the course material. Those that do have a relevant background manage to do OK, but those who don't perform poorly. Only 1 or 2 General Course students a year have the requisite background to take this course. The median exam grade is an A.

## EC310 Behavioural Economics

- This course is **not** available to General Course/GO LSE students.

## EC311 History of Economics: How Theories Change

Access to this course requires permission of the course convenor as the course is capped at 80 students.

### Prerequisites

Two semesters of micro and macro are required.

- The course examines the ways in which economics has developed from the Mercantilists of the 17th century to the Neoclassical thinking of the later 20th century. It makes use of original texts in order to understand how economists of the past approached perennial questions (for example, about the sources of growth or the role of money) and resolved them in the context of the scientific thinking and the economic conditions of their own time and place.
- Textbooks: D Colander and H Landreth, *History of Economic Thought* and R L Heilbroner, *The Worldly Philosophers*.
- Minimal formal economics or mathematical background is assumed.
- This course has a heavy reading load.
- NOTE: if the economics courses you have taken at your home university do not have a strong quantitative component this is an appropriate 300 level economics course for you to choose. The General Course failure rate is about 1 per cent. The median exam grade is a B+. As alternatives, you might consider PH311 Philosophy of Economics or IR354 (H) Governing International Political Economy: Lessons from the Past for the Future.

## EC313 Industrial Economics

Access to this course requires permission of the course convenor.

### Prerequisites

At least two semesters of calculus based microeconomics equivalent to EC2A3, preferably to EC2A1, are required.

Two semesters of econometrics equivalent to Econometrics I (EC2C3) in combination with Econometrics II (EC2C4) which deals with maximum likelihood estimation.

- Covers analytical models of the structure, conduct, and performance of firms; monopoly; price discrimination; vertical and horizontal restraints; transactions costs and contract design, and game theoretic models of firm behaviour, collusive arrangements, product differentiation, and strategic entry deterrence.
- Textbook: Jean Tirole, *Theory of Industrial Organisation* (MIT: 1988).
- NOTE: the course entails the use of formal economic models in the analysis of policy issues and case studies.
- The overall track record of General Course students taking this course is relatively poor. The reason for this is that while they may understand the concepts and ideas being covered in the course, they lack the technical skills required to cope with the formal modelling elements and have tended to perform poorly on the end of year exam.
- The failure rate for General Course students averages 14 per cent. The median exam grade is a B-.

## EC315 International Economics

### Prerequisites

An intermediate calculus based microeconomic course equivalent to EC2A3 **and** an intermediate macroeconomic course equivalent to EC2B3.

- This is a course of two halves. One half of the course covers international trade issues – patterns of inter-and intra-industry trade flow; causes and factors of trade flows; gains and losses from trade, and implications for debates on trade liberalism vs protectionism. The other half of the course covers international macroeconomics – causes and consequences of global imbalance of payments; exchange rates, money and prices in open economies; exchange rate regimes, and causes and consequences of debt, default, speculative attacks and financial crises.
- Indicative textbook: P Krugman, M Melitz and M Obstfeld *International Economics: Theory and Policy*, Pearson 11th ed. You should note that there are substantial additional readings for this course.
- The overall track record of General Course students taking this course is relatively poor. While some students do perform well, the overwhelming majority seem to lack the technical skills necessary to cope with the problem sets covered in the classes and the end of year exam.
- The General Course failure rate on this course is 12 per cent. The median exam grade is a B.



## EC317 Labour Economics

### Prerequisites

An intermediate calculus based microeconomic course equivalent to EC2A3 **and** an intermediate macroeconomic course equivalent to EC2B3. Two semesters of econometrics equivalent to Econometrics I (EC2C3) **and** Econometrics II (EC2C4) is required.

- Covers microeconomic models of the institutions and behaviour of labour markets; labour supply and demand; wage determination under different institutional settings, and use of microeconomic models to evaluate labour market policies, such as the minimum wage, welfare reform, or restricting immigration.
- NOTE: the course entails the use of formal economic models in the analysis of labour market issues.
- Textbook: G Borjas, *Labor Economics*. Additional reading, drawn from journals, will be suggested during the course.
- The overall track record of General Course students taking this course is relatively good. This is because the cohort of students is very small (about 3-4 per year) and tends to be self-selecting given the microeconomic and econometric focus of the course. Study abroad students without a strong micro and econometrics background tend to struggle with the more technical aspects of the course, particularly on the problem sets and in the exam. The median exam grade is a B.

## EC319 Games and Economic Behaviour

- This course is **not** available to General Course/GO LSE students.

## EC321 Monetary Economics and Aggregate Fluctuations

Access to this course requires permission of the course convenor.

### Prerequisites

An intermediate calculus based microeconomic course equivalent to EC2A3 **and** an intermediate macroeconomic course equivalent to EC2B3.

Students must have mathematics and statistics to at least the level of Quantitative Methods MA107 and ST107, while Mathematical Methods (MA100) and Elementary Statistical Theory (ST102) are preferred.

A background in econometrics equivalent to Econometrics I (EC2C3) in combination with Econometrics II (EC2C4) is desirable though not essential.

- The course entails a mixture of essays and problem sets.
- Covers the nature and function of money; classical monetary theory, neutrality and inflation; theories of the demand for money; the banking system, financial intermediation and the determinants of the money supply; the transmission mechanism of monetary policy, including theories of nominal rigidities and the Phillips curve; the term structure of interest rates; the theory and practice of monetary policy and the design of optimal policies; monetary policy strategies, including inflation targeting and Taylor rules; policymaking in an uncertain environment; the interaction between monetary and fiscal policy and the

arguments for central bank independence, and quantitative easing and unconventional policy.

- Textbooks: M Lewis and P Mizen, *Monetary Economics* and C Goodhart, *Money, Information and Uncertainty* 4th ed.
- This is not a “textbook” course and entails a very heavy reading load, so students need to be willing to read a great deal without considering this “work”.
- While General Course students understand the general ideas, concepts and arguments covered in the course, they tend to struggle with the technical side, particularly in the problems set in the end of year exam.
- The General Course failure rate for this course is 7 per cent. The median exam grade is a B.

## EC325 Public Economics

### Prerequisites

At least two semesters of calculus-based intermediate micro equivalent to EC2A3 are required.

A semester of econometrics equivalent to EC2C3 is desirable.

- Covers theoretical and applied public economics; issues of equity and efficiency and alternative theories of the role of the state; behavioural economics and its implications for welfare analysis as well as for savings and pension policy; models of public goods and externalities, including environmental policy; issues of tax incidence and tax evasion; income inequality, poverty alleviation and the role of welfare programmes in theory and in practice; health and education policy; the effects of taxes and transfers on labour supply and migration; incomes and behavioural responses at the top of the income distribution; the optimal taxation of commodities and incomes, and current topics in public finance.
- Textbook: J Gruber, *Public Finance and Public Policy* 6th ed (Worth Publishers: 2019).
- NOTE: it is essential to be able to read and consume “econometrics” based research.
- The overall track record of General Course students taking this course is relatively good with a failure rate of about 5 per cent. The median exam grade is a B+.

## EC331 Quantitative Thesis

- This course is **not** available to General Course/GO LSE students.

## EC333 Problems of Applied Econometrics

- This course is **not** available to General Course/GO LSE students.





# SELECTING NON-TECHNICAL ECONOMICS COURSES





If you do not have a very strong technical background – multi-variate calculus, ease in handling differential equations, linear algebra, statistics, probability theory – you may find yourself struggling with most 300 level Economics courses at LSE. There are several options available both within the Department of Economics and outside it. All of these will assume knowledge of, and familiarity with, basic economic ideas that would be covered in introductory level economics courses (equivalent to LSE courses EC1A5 and EC1B5).

## **“Non-technical” courses in the Department of Economics**

There are three options within the Department of Economics:

### **EC2A5 Microeconomics II**

### **EC2B5 Macroeconomics II**

These two half unit courses replace EC230 Economics in Public Policy - which was the most popular course for General Course and GO LSE students. These two half units are not quantitatively demanding.

### **EC311 History of Economics: How Theories Change**

- **This course is “capped”. You will need to obtain permission to take it from the teaching staff after you have joined the School.** However, there is yet to be a problem with General Course/GO LSE students gaining access to it.
- A history of ideas and theory course but one in which you will read primary texts rather than secondary commentary on such texts. Those General Course students who have taken it really liked it as it puts a lot of what they were “doing” in the context of wider debates about ideas.

## **“Non-technical economics” courses outside the Department of Economics**

Outside the Department of Economics, there are a number of “economics” related courses that in US universities would probably be in an economics department. What they are lacking is an EC course code, which can sometimes make them a more difficult “sell” to your academic and study abroad advisers. Below are a list of the courses that General Course students have regularly taken, enjoyed and done well in that you may wish to consider. All of these courses can be taken by 2nd or 3rd year students as an outside option on the BSc Economics degree.

## **Economic History courses**

Historically within the UK, economic history has been taught and researched outside of departments of economics. This is not the case in the US and almost all the courses taught in the Department of Economic History at LSE would be located in an economics department at a US university. These are not traditional history courses but they treat historical topics from an economics perspective. LSE BSc Economics students are allowed to take EH courses as optional courses in the 2nd and 3rd year of their degree.

Among the more popular EH courses on which General Course students have performed well are:

### **EH101 The Internationalisation of Economic Growth, 1870 to the present day**

- The course examines the inter-relationships between the development of the international economy and the growth of national economies since the late nineteenth century.

### **EH204 Money and Finance: From the Middle Ages to Modernity**

- The course provides an overview of the main developments in monetary and financial history from 800 to the present day, taking the students from the simple beginnings of medieval European monetary history to the complex financial arrangements of the modern world.
- This course is also available as two separate half unit courses: EH214 and EH215.

### **EH207 The Making of an Economic Superpower: China since 1850**

- Making use of both micro and macro level economic analysis, this course provides a survey of long-term economic change in China from the mid-nineteenth century to China’s becoming a major global economic power at the beginning of the new millennium.

### **EH211 Africa and the World Economy, 1500-2000**

This course is not available for the 2022/23 academic session.

### **EH225 Latin America and the International Economy**

This course is not available for the 2022/23 academic session.





## **EH240 Business and Economic Performance since 1945: Britain in International Context**

- Examines the macroeconomic factors, and their historical roots, that explain the success and failures of British business and industry in the post-45 period.

## **Government courses**

### **GV225 Public Choice and Politics**

- This course covers positive political economy and public choice theory applied to the study of political conflicts, democratic institutions and public policy.
- Makes use of rational decision-making theory, game theory, and social choice theory.
- Introductory micro and macro is useful.

### **GV335 African Political Economy (H)**

This course is not available for the 2022/23 academic session.



## **Geography and Environment courses**

### **GY222 Applied Environmental Economics**

- **This course is capped. Access cannot be guaranteed.**
- Examines the use of economic principles in the analysis of environmental change and natural resource use and the design of policy responses.
- Makes use of cost-benefit analysis which is not covered in any of the EC courses.

### **GY311 The Political Economy of Urbanisation (H)**

- **Access to this course requires permission of the course convener.**
- This course covers theories and processes of contemporary urban development from a critical political economy perspective.

## **International Relations courses**

### **IR206 International Political Economy**

- **Access to this course requires permission of the course convener.**
- **This course is capped. Access cannot be guaranteed.**
- This full unit course examines the relationship between international politics and the international economy. Topics covered include: economic nationalism; laissez faire; Marxism and comparative political economy; debates on domestic trade preferences; environmental protection; preferential trade agreements; capital market integration, and globalisation.

### **IR354 Governing International Political Economy: Lessons from the Past for the Future (H)**

This course is not available for the 2022/23 academic session.

### **IR355 Economic Diplomacy (H)**

- **Access to this course requires permission of the course convener.**
- **This course is capped. Access cannot be guaranteed.**
- This half unit course introduces students to the theories and analytical frameworks relating to decision-making and negotiation in international economic relations and enables them to develop the skills needed to apply these to cases.
- It provides students with both academic and practitioner perspectives of economic diplomacy and offers participants an opportunity to understand the challenges faced by negotiators through the simulation of a current multilateral negotiation.



### IR367 Global Environmental Politics (H)

- **Access to this course requires permission of the course convener.**
- **This course is capped. Access cannot be guaranteed.**
- This half unit course offers an introduction to concepts and issues in the study of international environmental politics, with special emphasis on the political economy of environmental protection.

### IR368 The Political Economy of Trade (H)

- **Access to this course requires permission of the course convener.**
- **This course is capped. Access cannot be guaranteed.**
- This half unit course covers changes in the nature of trade and investment in the 21st century including the impact of the growth of global supply chains on the political economy of trade and investment, underlying trends in trade towards the use of preferential and plurilateral rather than multilateral approaches, and examines current negotiations including in particular agriculture and food security, trade in manufactures, services and investment as well as the inter-relationship between trade and sustainable development.

### IR369 Politics of Money in the World Economy (H)

- **Access to this course requires permission of the course convener.**
- **This course is capped. Access cannot be guaranteed.**
- This is a half unit course in applied international political economic theory.
- Issues covered include the use of national currencies as international money; the politics of exchange rate adjustment; the operations of banks and other institutions in international money and capital markets; the evolution of global financial markets; the relationship between states and markets in the arena of global finance; international monetary cooperation, and the choices of monetary and financial policies open to developed and developing countries.

### Philosophy course

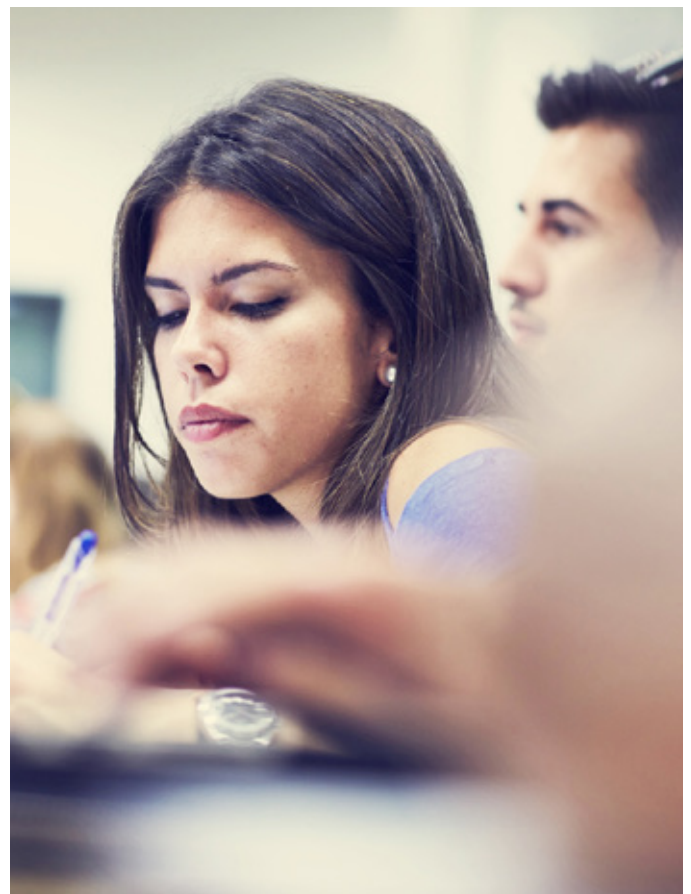
#### PH311 Philosophy of Economics

- Covers a range of philosophical issues in economics. Topics covered include rational choice theory; game theory; social choice theory; Pareto optimality, interpersonal comparability and theories of well-being; fairness vs equity; public goods vs merit goods, and GDP vs happiness vs capabilities.
- Often taken by either 2nd year or 3rd year BSc Economics students.

### Social Policy course

#### SP111 Social Economics and Policy

- **This course is capped. Access cannot be guaranteed.**
- Uses economic principles to understand different social policy areas and how governments and markets may fail in dealing with them. Topics covered include poverty and inequality; healthcare; education; social care and housing; wages policies; role of trade unions, and income redistribution.
- A good course for students who have only had an introductory course in economics.









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