



THE LONDON SCHOOL
OF ECONOMICS AND
POLITICAL SCIENCE

Choosing Economics Courses

2023/24

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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 Autumn Term, 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 8 to 12 January 2024. 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.

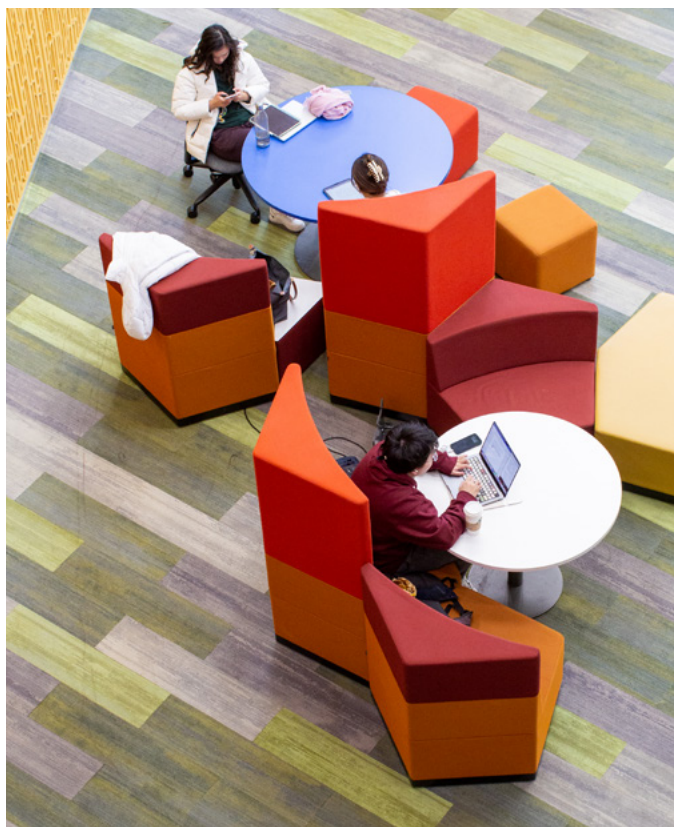
Choosing 100 and 200 level Economics courses

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 2023.

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 (Autumn 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)
- The median exam grade is B for GC/GO LSE students.

EC1A5 Microeconomics 1 (Autumn 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)
- The median exam grade for GC/GO LSE students is B.

EC1B3 Macroeconomics 1 (Winter 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)
- The median exam grade for GC/GO LSE students is C. The failure rate is 60%.

EC1B5 Macroeconomics 1 (Winter 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)

The median exam grade for GC/GO LSE students is B.
The failure rate is 11%.

EC2A3 Microeconomics II (Autumn 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).
- The median exam grade for GC/GO LE students is B-.
The failure rate is 25%

EC2A5 Microeconomics II (Autumn 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.

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.
- The median exam grade for GC/GO LSE students is B+.
The failure rate is 23%.

EC2B3 Macroeconomics II (Winter 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)
- The median exam grade for GC/GO LSE students is B-.
The failure rate is 23%.

EC2B5 Macroeconomics II (Autumn 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.

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.
- The median exam grade for GC/GO LSE students is B+. The failure rate is 12%.

EC2C3 Econometrics I (Autumn 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).
- The median exam grade for GC/GO LSE students is B+. The failure rate is 8%.

EC2C4 Econometrics II (Winter 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).
- The median exam grade for GC/GO LSE students is B+. The failure rate is 14%.

EC230 Economics in Public Policy

This is an intermediate level course in economic public policy. It requires minimal maths background and no calculus.

Note that you cannot take EC230 with EC2A5 and EC2B5.

Pre-requisites

You will need to have completed introductory micro and macro courses equivalent to Microeconomics I (EC1A5) and Macroeconomics I (EC1B5).

This course uses economic analysis to explore important questions in contemporary public policy. The first term focuses on microeconomic policy problems while the second term focuses on macroeconomic policies. The use of mathematics is minimal (in particular with no calculus) and the emphasis of instruction is on graphical analysis and economic intuition and reasoning.

- Topics covered may include: global growth and income inequality; global climate change; debt crises; global financial crisis and regulatory reform; consumer decision making; central bank independence; sovereign debt crises; Brexit; the economic impact of COVID-19.
- There is no set course textbook due to the topical nature of the applications chosen. A list of selected texts and readings will be provided at the start of each term.
- If the economics courses you have taken at your home university do not have a strong quantitative component, then this is the appropriate 200 level economics course to take

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 (Peason: 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 25 per cent. The median exam grade is a B-.

EC2C3 Econometrics I (Autumn 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.

The median exam grade for GC/GO LSE students is B+.
The failure rate is 8%.



EC2C4 Econometrics II (Winter 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.

The median exam grade for GC/GO LSE students is B+.
The failure rate is 14%.



Selecting 300 level

Economics Courses



Choosing 300 Level Economics Courses

NOTE: Access to all 300 level economics courses require permission from the Economics Department.

If you are interested in taking any of these courses you need to contact the Economics Departmental Tutor, Dr Judith Shapiro. You will need to provide her with a completed "Course Permission Form", a copy of your transcript and an explanation of how the courses you have taken at your home institution meet the prerequisites for the course(s) you are interested in.

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 courses which are not open to GC and GO LSE students.

In turn, these 200 level courses are the assumed backdrop for 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 and 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.

EC302 Political Economy

Access to this course require permission from the Economics Department.

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 median exam grade for GC/GO LSE students is C+. The failure rate is 20%

EC307 Development Economics

Access to this course require permission from the Economics Department.

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 median exam grade for GC/GO LSE students is B+. The failure rate is 10%.

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. GC/GO LSE 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 require permission from the Economics Department.

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 median exam grade for GC/GO LSE students is B-. The failure rate is 10%.

EC317 Labour Economics

Access to this course require permission from the Economics Department.

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 for GC/GO LSE students is 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 require permission from the Economics Department.

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.

- 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 median exam grade for GC/GO LSE students is B-. The failure rate is 10%.

EC325 Public Economics

Access to this course require permission from the Economics Department.

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 median exam grade for GC/GO LSE students is B+. The failure rate is 5%.

EC330 Environmental Economics

Access to this course requires permission from the Economics Department.

Pre-requisites

Students should have completed quantitative courses in microeconomics, macroeconomics and econometrics equivalent to EC2A3 Microeconomics II, EC2B3 Macroeconomics II and EC2C3 Econometrics I **and** Econometrics II EC2C4.

- This is a technically demanding applied economics course
- It explores key concepts and recent advances in environmental economics with the view to addressing environmental policy questions.
- The Autumn Term deals with how humans interact with the natural environment and covers growth and the environment, public goods and externalities, climate change, pollution, natural resource depletion, migration, urbanization, trade, values and preferences and social justice and the environment.
- The Winter Term shifts to examining what policies and actions might be taken to confront and slow environmental change and covers adaptation, taxation, tradable permits, conservation, access to energy, technical change, innovation and diffusion, infrastructure and structural change and political economy.
- This course is complementary to the courses Applied Environmental Economics (GY222) and Applied Economics of Environment and Development (GY329).
- There is no textbook for the course. Students will instead be required to engage with academic papers at the frontier of the literature, as well with historic seminal works.
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.

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.

EC334 Advanced Macroeconomics (Autumn Term Half Unit)

Access to this course requires permission from the Economics Department.

Pre-requisites

- Students should have completed quantitative courses in macroeconomics equivalent to EC2B3 Macroeconomics II and econometrics equivalent to EC2C3 Econometrics I and Econometrics II EC2C4, **and** MA100 Mathematical Methods.
- This is a technically demanding advanced level macroeconomics course.
- It covers a few topics but in considerable depth. Topics covered may include: Why are some countries richer than others? Why does economic activity fluctuate? Why is inflation high? Why are exchange rates so volatile?
- Each is linked to an advanced model in macroeconomics and its empirical implications are drawn out and taken to the data.

- There is no textbook for the course. Student will instead be required to engage with academic papers at the frontier of the literature. Examples indicating the level it is pitched at are:
 - Hazell, J., J. Herreno, J. E Nakamura, J. Steinsson 2022. "The Slope of the Phillips Curve: Evidence from US States" Quarterly Journal of Economics, 137: 1299-1344.
 - De Ridder, M., B. Grassi, G. Morzenti (2022). "The Hitchhiker's Guide to Markup Estimation" CEPR discussion paper 17532
 - Itskhoki, O. and D. Mukhin (2021). "Exchange Rate Disconnect in General Equilibrium" Journal of Political Economy, 2021, 129, 2183-2232
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.

EC335 Economic Policy in the Global Economy (Winter Term Half Unit)

Access to this course requires permission from the Economics Department.

Pre-requisites

Students should have completed quantitative courses in microeconomics equivalent to EC2A3 Macroeconomics II and econometrics equivalent EC2C3 Econometrics I **and** Econometrics II EC2C4.

- This is a technically demanding advanced level microeconomics course.
- Drawing on both theoretical and empirical analyses, the course explores economic policy in the global economy focusing on the causes and consequences of international economic integration and how globalisation affects the trade-offs that shape policy.
- Topics covered may include: international trade, capital flows, migration, technology diffusion, taxation in the global economy, and the relationship between globalisation and national sovereignty.
- There is no textbook for the course. Student will instead be required to engage with academic papers at the frontier of the literature. Examples indicating the level it is pitched at are:
 - Rodrik, D. 2011. The Globalization Paradox. Oxford University Press.
 - Harrison, A. and Scorse, J. 2010. "Multinationals and Anti-Sweatshop Activism" American Economic Review 100(1): 247-273.
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.



EC336 Econometric Theory A (Autumn Term Half Unit)

Access to this course requires permission from the Economics Department.

Pre-requisites

Students should have completed quantitative courses in intermediate microeconomics and macroeconomics equivalent to EC2A3 Microeconomics II and EC2B3 Macroeconomics II and econometrics equivalent EC2C3 Econometrics I and Econometrics II EC2C4, **and** MA100 Mathematical Methods.

A good knowledge of linear algebra, calculus and statistical theory is essential, so student should have completed course equivalent to MA100 Mathematical Methods and ST102 Elementary Statistical Theory.

Students seeking permission to take this course should consult with Professor Otsu before selecting this course.

- This is a technically demanding advanced level econometrics course
- It is a proof-based course that focuses on an in-depth exploration of cross-sectional data environments and linear models, consolidating and building on theoretical and analytical econometrics skills
- The course cover probability theory, central limit theory, inference, asymptotic theory for OLS, instrumental variables regression (linear), generalized method of moments (linear) and maximum likelihood.
- Indicative reading is: Bruce Hansen, *Probability and Statistics for Economists* (Princeton University Press, 2022) and Bruce Hansen, *Econometrics* (Princeton University Press, 2022)
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.

EC337 Econometric Theory B (Winter Term Half Unit)

Access to this course requires permission from the Economics Department.

Pre-requisites

Students should have completed quantitative courses in intermediate microeconomics and macroeconomics equivalent to EC2A3 Microeconomics II and EC2B3 Macroeconomics II and econometrics equivalent EC2C3 Econometrics I and Econometrics II EC2C4, **and** MA100 Mathematical Methods.

A good knowledge of linear algebra, calculus and statistical theory is essential, so student should have completed course equivalent to MA100 Mathematical Methods and ST102 Elementary Statistical Theory.

Students seeking permission to take this course should consult with Professor Hidalgo before selecting this course.

- This is a technically demanding advanced level econometrics course
- The course covers general data environments (time series, panel data and clustered data) and various models (dynamic, non-linear, simultaneous equations etc), broadening knowledge and understanding of econometrics.

- Topics covered: method of moments and GMM (general); generalized least squares (heteroskedasticity and autocorrelation); dynamic model and time series analysis; system of equations and simultaneous equations; panel data analysis; hypothesis testing: general principle and applications; bootstrap; unit root and cointegration.
- Indicative reading is: Russell Davidson and James G. MacKinnon, *Econometric theory and methods*. Vol. 5. (Oxford University Press, 2004) and Andrew C Harvey, *The econometric analysis of time series*. (MIT Press, 1990).
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.

EC338 International Trade (Autumn Term Half Unit)

Access to this course requires permission from the Economics Department.

Pre-requisites

Students must have completed a calculus-based intermediate microeconomic course equivalent to EC2A3 Microeconomics II.

- This a technically demanding advanced level microeconomics course.
- It covers international trade theory and tools for trade policy analysis.
- Topics covered include: patterns of trade distinguishing between inter-industry and intra-industry trade flows; in-depth analysis of the causes and the effects of those flows based on the concepts of absolute and comparative advantage, relative factor abundance and relative factor intensity, increasing returns to scale and imperfect competition; and gains and losses from trade, their distribution among people and firms, and their implications for the debate on trade liberalization versus protectionism.
- Indicative reading: Paul Krugman, Marc Melitz and Maurice Obstfeld, *International Economics: Theory and Policy*, (Pearson 12th edition)
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.





EC339 International Macroeconomics (Winter Term Half Unit)

Access to this course requires permission from the Economics Department.

Pre-requisites

Students must have completed a calculus-based intermediate macroeconomic course equivalent to EC2B3 Macroeconomics II.

- This is a technically demanding advanced level macroeconomic course.
- It cover international macroeconomic theory and develops the main tools for macroeconomic policy analysis
- Topics covered include: balance of payments and the causes and consequences of global imbalances; an in-depth study of the determination of exchange rates, money, and prices in open economies; costs and benefits of different nominal exchange rate regimes and their sustainability; the causes and consequences of debt and default, speculative attacks and financial crises.
- Indicative reading: Paul Krugman, Marc Melitz and Maurice Obstfeld, International Economics: Theory and Policy, (Pearson 12th edition)
- This course is new for the 2023/24 academic session so there is no profile of GC/GO LSE exam marks for this course.



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

EC230 Economics in Public Policy

EC230 Economics in Public Policy is the most popular course for General Course and GO LSE students.

NOTE: You cannot take EC230 and EC2A5 and/or EC2B5 at the same time.

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.
- This course is available as two separate half unit courses: EN217 and EH218.

EH211 Africa and the World Economy, 1500-2000

This course is not available for the 2023/24 academic session.

EH225 Latin America and the International Economy

The course examines the development trajectory of Latin America and its relation with the international economy from the Early Modern period (c. 1700) to the present.

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 capped. Access cannot be guaranteed.**
- This half unit course examines who governs the global economy? How they do so? And to what ends?
- The course begins with the age of mercantilism and runs through to the post-Cold War order, the 2008 global financial crisis and the rise of emerging markets.

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.

IR380 The Politics of Inequality and Development (H)

- **Access to this course requires permission of the course convener.**
- This course is capped. Access cannot be guaranteed.
- This course examines the interaction between markets and states to understand the causes and consequences of economic development and inequality. Adopting a comparative, historical approach, it explores these topics in light of contemporary theoretical, substantive, and methodological debates within the fields of international and comparative political economy. The empirical focus of this course is the developing world. It covers case studies in a variety of regions, including Latin America, Africa, Middle East, Asia, and Eastern Europe.



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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