

**M.A. (Final) Examinations in  
ECONOMICS**

**For External Candidates  
M.A. Economics (Final)**

|            |                             |            |
|------------|-----------------------------|------------|
| Paper I    | Macro Economics             | Compulsory |
| Paper II   | International Economics     | Compulsory |
| Paper III  | Monetary Economics          | Compulsory |
| Paper IV-A | History of Economic Thought | Optional   |
| Paper IV-B | Economics of Labour         | Optional   |
| Paper IV-C | Econometrics                | Optional   |
| Paper IV-D | Development Economics       | Optional   |
| Paper IV-E | Management Economics        | Optional   |
| Paper V    | Essay                       | Compulsory |

**Notes:**

- (1) The previous examinations consist of five papers. Papers I to IV are compulsory and one optional from Paper V.
- (2) The final examinations consist of five papers. Paper I to III and V are compulsory and one optional from Paper IV.
- (3) Each paper shall be of 100 marks and of 3 hours' duration.

**Courses of Studies (Syllabus)**  
**M.A. (FINAL)**  
**PAPER I**  
**MACRO ECONOMICS**

- 1. Development of macro-economics.** Micro economics vs. Macro economics
- 2. The classical macro economics**  
Say's law and quantity theory – Wages, prices. Employment and production. Savings, investment and the role of interest. Wicksell's formulation and monetary and fiscal policy.
- 3. The Keynesian macro economics**  
Obstacles of full employment. Liquidity preference significance. The liquidity trap. Monetary management and the role of interest. The consumption function. Short run consumption behaviour, other influences on consumption spending. Keynesian model and its application. Comparison of Keynesian and Classical models.
- 4. Equilibrium**  
Income, output and employment – systems and effects of changes in price level.
- 5. Acceleration and multiplier**  
Working of acceleration, its efficiency effects and coefficient. Static and dynamic multi sector multiplier, employment and foreign trade multipliers.
- 6. Growth and fluctuation**  
Growth, investment and employment. Stagnation or exhilaration. Cyclical fluctuations.
- 7. Employment policy**  
Changes in monetary and fiscal policies, effect on investment limitation and alternative policies. Static and dynamic multi sector multiplier, employment and foreign trade multiplier.

## PAPER II INTERNATIONAL ECONOMICS

**1. Evolution of international trade theory:** from Ricardo to Haberler.  
Measurement of cost to assess gain from trade.

**2. Pure theory international trade**

**Supply:** The derivation of the transformation curve from the production function. Factor-price equalisation.

**Demand:** The offer-curves and their derivation from trade indifference curves. Consumption pattern and trade. Foreign trade multiplier.

**Terms of trade:** Various concepts, their role in measuring gain from trade. Factors affecting terms of trade of advanced and developing countries.

**Trade and welfare:** Trade as instrument of welfare under multilateralism and various restrictive variants.

**Trade and economic growth:** Trade and growth. Different implication of these inter-relationships for specialised economies. Diversification of the economy for increased growth.

**3. Balance of payments (Changes and their adjustment)**

The balance of payments statement. Elements in the adjustment process. Elasticities and propensities of trade. The working of price and income effects in the payment mechanism. Interrelation between monetary and fiscal policies and prices income changes.

Discriminatory trade and payment restrictions and balance of payments adjustment. Concept of balance of payments in the short and long terms. Variation in payments. Disequilibria in industrialised and developing economies. Gold standard and the payment mechanism.

**4. International investment and foreign aid**

**Foreign exchange:** Market short terms and long terms. Capital movements. The transfer process.

**Foreign aid:** Change in the concept. Terms and volume of aid. Problems of donor and recipient countries. Absorption capacity and flow of funds.

**5. Commercial policy**

Trade restrictions and the structure of world trade since the end of the World War I. Tariffs, quotas, commodity agreements, state tradings, exchange control. These restrictions should be studied from the point of view of their impact on the direction, composition and volume of world trade and its effects on the economic growth and welfare of various regions.

**6. International monetary problems and institutions**

Evolution of payment system in Western Europe since the World War II. Payment problems of developing countries. Dollar shortage, its changing character, causes and cure. The position of dollar as reserve currency, its significance for industrialised and under developed countries. Sterling area: its changing role in the postwar period. IMF, World Bank, GATT and other international economic institutions.

**7. Regional economic integration**

Customs union issue from Jacob Viner's own words. Attitude of GATT. Regional cooperation in Western Europe. Rational integration and economic development. Regional arrangement in developing areas, with special reference to RCD.

**Paper III**  
**Monetary Economics**

**1. Supply of money**

- i. Definition of money
- ii. Process of the creation of money
- iii. Institutional determinants of supply of money, government, commercial bank, non-banking financial intermediaries (NBFIs) and central bank.

**2. Demand of money**

- i. Classical view
- ii. Keynesian extensions
- iii. Recent extensions
- iv. Chicago school
- v. Don Patinkin
- vi. Gurley Shaw

**3. Purchasing power of money**

- i. The quantity theory of money
- ii. The fundamental equations
- iii. The conditions for stability
- iv. The theories of inflation and deflation

**4. Monetary theory**

Integration of real sector with monetary variables:

- i. Theory of interest – classical, neo-classical, Keynesian, recent contributions
- ii. Theory of wages – classical, neo-classical, Keynesian, recent contributions
- iii. Theory of prices – classical, neo-classical, Keynesian, recent contributions

**5. Monetary policy**

Objectives of monetary policy:

- i. Price stability
- ii. Fostering of rapid growth in the economy
- iii. Generation of employment
- iv. Maintenance of balance in international payments.

**6. Monetary management**

The mechanism and instruments of monetary management:

- (a) Mechanism of monetary management
  - i. Interest rate mechanism
  - ii. Availability doctrine
  - iii. Portfolio approach
- (b) Tools of monetary management
  - i. Re-discount rate

- ii. Open market operations
- iii. Reserve requirements
- iv. Selective credit controls

**7. External value of money**

- i. Gold standard
- ii. Purchasing power parity theory
- iii. Balance of payments theory
- iv. Manipulation of exchange rules

**8. International liquidity**

- i. International Monetary Fund (IMF)
- ii. International Bank of Reconstruction and Development (IBRD)
- iii. International Development Association
- iv. International Finance Corporation
- v. Need for an international currency

**9. Monetary management in Pakistan**

**PAPER IV-A**  
**HISTORY OF ECONOMIC THOUGHTS**

A history of the following main schools of thought and main lines of development since about 1700 till about 1960. mercantilism. Classical physiocrats. Historical socialist and marginal utility schools. Marshallian economics. Growth of welfare economics. Stockholm school and monetary theory. Neoclassical school and theory of imperfect competition and consumer behaviour. Growth in the theories of business cycles and international trade. Monetary theory up to 1936. the new economics and J.M. Keynes.

## **PAPER IV-B ECONOMETRICS**

**1. Introduction to the theory of econometrics.** An outline of procedure and main discoveries.

**2. Elements of matrix algebra,** matrices, determinants, vectors and vector differentiations, characteristic roots and vectors.

**3. Errors in Variables**

- The two-variable linear case
- The classical approach
- Prediction problems
- Grouping of observations
- Use of instrumental variables

**4. Auto Correlation**

- The two-variable case
- Consequences of auto-correlated disturbances
- Generalised least squares
- Estimation methods
- Prediction problems
- Multicollinearity
- Heteroscedasticity
- Lagged variables, dummy variables.

**5. Simultaneous equation problems**

- Simultaneous equation system
- Identification
- Limited information sign equation (LISE)
- Lease variance ratio (LVR)
- Two stage least squares
- k-class estimator
- Tests of identifying restrictions
- Full informations maximum likelihood (FIML)
- Three-stage least squares.

**6. Technical economic relations**

- Micro-economic cost curves
- Technical development

**7. Econometric model**

- The description of complete systems
- The movements of complete systems
- The purpose and logic of economic policy.



**PAPER IV-E**  
**MANAGEMENT ECONOMICS**

**PART I**

- 1. Unified concept of management**  
Planning, organisation, coordination, motivation, control
- 2. The organisational hierarchy**  
The board of directors, the chief executive, the supervisor
- 3. Departmentation**  
Basic departmentation, the assignment of activities
- 4. Staff and line relationship**
- 5. Centralisation and decentralisation**
- 6. Problems of management**

**PART II**

- 1. Product strategy**  
Opportunities for multiple products. Policy on adding new products. Policy on dropping old products.
- 2. Pricing strategy**  
Pricing lasting products. Pricing perishable products. Pricing standard when competitors are few. Cost plus pricing. Cyclical pricing. Product line pricing.
- 3. Promotional strategy**  
The economics of advertising. Methods of determining total advertising budget. Cyclical fluctuations of advertising. Measuring economic effects of advertising.
- 4. Introduction to operational research and managements**  
Linear programming. Queueing theory, critical path scheduling and PERT analysis. Theory of games. Dynamic programming and replacement. Policy ranking techniques simulations.
- 5. Problems of management in underdeveloped countries**
- 6. Project evaluation**  
Public investment. Private investment.
- 7. Business structure and management methods in Pakistan**

**PAPER V**  
**ESSAY**

The paper shall comprise all the subject taught as compulsory and optional papers at the M.A. Economics examinations in the University of Karachi.

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Please refer to the original 'Courses of Studies' (Syllabus) issued by University of Karachi for the books prescribed and for the syllabus of other optional subjects, which are not listed here