



# Economics-II

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**Department of Govt & Public Policy**

**National University of Sciences & Technology (NUST)**

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**BSPA – 2k24**

## Course Details

Course Title: Economics -II

Course Code: ECO-113

Credit Hours: 3

Program: BS Public Administration

## Course Faculty

## Course Description

This course dives into the core principles of economic analysis that shape our world. We'll explore how markets work, why they sometimes fail, and how policies address these challenges. The course is split into two parts: Microeconomics (behavior of individuals, firms, and industries) and Macroeconomics (economy as a whole). You'll analyze market structures, government intervention, employment, growth, inequality, monetary policy, and more. By the end, you'll be able to evaluate real-world economic issues, understand policy trade-offs, and assess an economy's health. We'll use a main textbook plus supplementary readings for policy applications.

## Course Objectives

The objective of this course is to equip you to diagnose market failures and compare how different market structures shape economic outcomes. You'll learn to analyze the government's role through microeconomic and macroeconomic policy, explain core principles of labor markets and monetary policy, and measure national economic performance using tools like GDP. You'll assess critical issues like income inequality and economic growth, and apply key macroeconomic models to understand real-world economic fluctuations.

## Learning Outcomes

Upon successful completion of this course, you will be able to:

- **Analyze** the causes and consequences of market failures, including externalities, public goods, and common resources, and **evaluate** potential private and public solutions.
- **Compare and contrast** different market structures (monopoly, monopolistic competition, oligopoly) in terms of their efficiency, pricing behavior, and strategic decision-making.
- **Evaluate** the role of government in addressing market power through regulation and antitrust policies.
- **Explain** key factors in labor markets, including wage determination and the role of unions.
- **Analyze** the principles of taxation and the economic impact of government spending and revenue generation.
- **Understand** the objectives and tools of monetary policy conducted by a central bank.
- **Measure** economic performance using key indicators like Gross Domestic Product (GDP) and **analyze** its limitations in measuring societal well-being.
- **Identify** the sources of income inequality and **critique** the philosophical and policy approaches to redistribution.
- **Explain** the fundamental drivers of long-run economic growth and productivity.

- **Apply** basic Keynesian models (including the Keynesian Cross and IS-LM framework) to analyze economic fluctuations in the short run.
- **Utilize** the Aggregate Demand and Aggregate Supply model to explain macroeconomic phenomena such as inflation, recession, and economic growth.

## Required Course Material

### Recommended Texts & Resources

#### 1. Primary Text:

- Mankiw, N. G. *Principles of Economics*

#### 2. Secondary Text:

- Economics by N. Gregory Mankiw and Mark P. Taylor, Publisher: Andrew Ashwin
- Essentials of Economics by Glenn Hubbard & Anthony Patrick O'Brien [for policy applications]
- Principles of Macroeconomics, by Karl E. Case, Ray C. Fair, and Sharon E. Oster
- Economics: Principles and Practices by Clayton

#### 3. Additional Readings:

- Macroeconomics: A European Perspective by Olivier Blanchard, Alessia Amighini, Francesco Giavazzi [A new chapter "**The COVID economic crisis**" examines the economic impact of the COVID-19 pandemic]
- OpenStax *Principles of Economics* (open access)
- Issues in Economics Today by Robert Guell
- The General Theory of Employment, Interest and Money: with The Economic Consequences of the Peace by John Maynard Keynes, Dr Mark G Spencer and Tom Griffith

## Course Evaluation (Grade Breakup)

Follow following criteria for evaluation:

Finals	50-60
Mid/Assignments/Projects	20-30
Quiz/Class Participation	10-20

## Course Content (Weekly)

Week	Lecture Topic	Reading
1	<ul style="list-style-type: none"> <li>• Introduction:               <ul style="list-style-type: none"> <li>○ How People Make Decisions &amp; Interact</li> <li>○ Adam Smith and the Invisible Hand</li> <li>○ Role of Government</li> <li>○ The Role of Assumptions</li> <li>○ Market Efficiency</li> <li>○ Consumer Surplus</li> <li>○ Producer Surplus</li> </ul> </li> </ul>	Text 1: Chapter 1,2 & 7

2	<ul style="list-style-type: none"> <li>• <b>Externalities and market failure</b> <ul style="list-style-type: none"> <li>○ Externalities and market inefficiency</li> <li>○ Private solutions to externalities</li> <li>○ Public policies towards externalities</li> </ul> </li> </ul>	Text 1: Chapter 11
3	<ul style="list-style-type: none"> <li>• <b>Public goods, common resources and merit goods</b> <ul style="list-style-type: none"> <li>○ The different kinds of goods</li> <li>○ Public goods</li> <li>○ Common resources</li> <li>○ Merit goods</li> </ul> </li> </ul>	Text 1: Chapter 10
4	<ul style="list-style-type: none"> <li>• <b>Market Structure I: Monopoly</b> <ul style="list-style-type: none"> <li>○ Imperfect competition</li> <li>○ Why monopolies arise</li> <li>○ How monopolies make production and pricing decisions</li> <li>○ The welfare cost of monopoly</li> <li>○ Price discrimination</li> <li>○ Public policy towards monopolies</li> </ul> </li> </ul>	Text 1: Chapter 14
5	<ul style="list-style-type: none"> <li>• <b>Market structures II: Monopolistic competition</b> <ul style="list-style-type: none"> <li>○ Competition with differentiated products</li> <li>○ Advertising and branding</li> <li>○ Contestable markets</li> </ul> </li> </ul>	Text 1: Chapter 15
6	<ul style="list-style-type: none"> <li>• <b>Market structures III: Oligopoly</b> <ul style="list-style-type: none"> <li>○ Characteristics of oligopoly</li> <li>○ Game theory and the economics of cooperation</li> <li>○ Models of oligopoly</li> <li>○ Public policy toward oligopolies</li> </ul> </li> </ul>	Text 1: Chapter 16
7	<ul style="list-style-type: none"> <li>• <b>Employment, Labor, and Wages</b> <ul style="list-style-type: none"> <li>○ The Labor Movement</li> <li>○ Resolving Union and Management Differences</li> <li>○ Labor and Wages</li> </ul> </li> </ul>	Text 2: Chapter 8
8	<ul style="list-style-type: none"> <li>• <b>Mid Term</b></li> </ul>	
9	<ul style="list-style-type: none"> <li>• <b>Government Spending</b> <ul style="list-style-type: none"> <li>○ The Economics of Government Spending</li> <li>○ Federal Government Expenditures</li> </ul> </li> </ul>	Text 2: Chapter 10
10	<ul style="list-style-type: none"> <li>• <b>Monetary Policy and Central Banking</b> <ul style="list-style-type: none"> <li>○ The Monetary Policy</li> <li>○ Money Growth &amp; Inflation</li> </ul> </li> </ul>	Readings TBA
11	<ul style="list-style-type: none"> <li>• <b>Income inequality and poverty</b> <ul style="list-style-type: none"> <li>○ The measurement of inequality</li> <li>○ The political philosophy of redistributing income</li> </ul> </li> </ul>	Text 1: Chapter 18

12	<ul style="list-style-type: none"> <li>• <b>Measuring a nation's income</b> <ul style="list-style-type: none"> <li>○ The measurement of gross domestic product</li> <li>○ The components of GDP</li> <li>○ Real versus nominal GDP</li> <li>○ GDP and economic well-being</li> </ul> </li> </ul>	Text 1: Chapter 20
13	<ul style="list-style-type: none"> <li>• <b>Production and growth</b> <ul style="list-style-type: none"> <li>○ Economic growth around the world</li> <li>○ Growth theory</li> <li>○ Productivity: Its role and determinants</li> <li>○ Economic growth and public policy</li> </ul> </li> </ul>	Text 1: Chapter 22
14	<ul style="list-style-type: none"> <li>• <b>Keynesian economics and IS-LM analysis</b> <ul style="list-style-type: none"> <li>○ The Keynesian cross</li> <li>○ The multiplier effect</li> <li>○ The IS and LM curves</li> <li>○ General equilibrium using the IS-LM model</li> </ul> </li> </ul>	Text 1: Chapter 31
15	<ul style="list-style-type: none"> <li>• <b>Aggregate demand and aggregate supply</b></li> </ul>	Text 1: Chapter 32
	<ul style="list-style-type: none"> <li>• <b>Final Exam Week</b></li> </ul>	

## Course Policies

### Class Participation:

Students are encouraged to actively take part in the class discussion.

### Attendance:

- In the event of a missed session, it is the student's responsibility to consult LMS and their class mates for missed content.
- Class attendance will be taken in first 15 minutes of the class. Do not be late for class otherwise you will be marked **ABSENT** for the session(s).
- If you are away on official NUST duty<sup>1</sup>, it is the student's responsibility to inform the instructor on time with an official notice<sup>2</sup>. Consequently, the student will still be marked as present, but as "On Duty". **AIESEC events and activities related duties don't qualify for "On Duty" status unless instructed by Dean/Principal NS3H.**
- It is the student's responsibility to continuously monitor his/her attendance. **DO NOT ask the instructor to change/modify the attendance**, unless there has been an accidental oversight. In such an event, the student should inform the instructor of the error (with proof) **before** the month ends.

<sup>1</sup> Duties include representing NUST at any forum both at national and international level and being assigned duties by NUST societies/authorities for NUST/ S<sup>3</sup>H level events.

<sup>2</sup>An application duly signed by the Principal/Dean of S<sup>3</sup>H

## Quizzes:

Surprise Quiz and Class Activities: There could be surprise (unannounced quizzes) during the class. Students are advised to ensure their presence in the class particularly, when we are having a hybrid system of teaching.

There will be no make-up quizzes under any circumstances. For this reason, students shall be given the advantage of availing N-1 policy ***only for quizzes.***

## Academic Dishonesty:

Students need to carefully consider NUST policies regarding plagiarism. Group-work is encouraged but any form<sup>3</sup> of plagiarism is a crime and will not be tolerated. Strict action will be taken against any student(s) found plagiarising any material and submitting it as his/her own.

You are responsible for knowing and enacting academic conduct that is in line with the University's statement entitled "Academic Dishonesty" available at:

<http://www.nust.edu.pk/usr/showContents.aspx?mdl=1839>

The statement highlights examples of unacceptable behavior which include, but are not limited to, the following:

- **Cheating:** Intentionally using or attempting to use unauthorized materials, information, or study aids in any academic exercise; copying from another student's examination; submitting work prepared in advance for an in-class examination; taking an examination for another person or conspiring to do so.
- **Plagiarism:** Intentionally or knowingly representing the words or ideas of another as one's own in any academic exercise; failure to attribute direct quotation, paraphrase, or borrowed facts or information.

It is expected that all work that is handed will be your own. Any ideas or content that come from another source must be properly cited (including any content taken from the Internet, books, articles and lectures). It is expected from you that all your work (project, assignment and presentations) are referenced using this handout.

Moreover, **Turn-It-In** will be used as the plagiarism software to evaluate all your submissions. Any acts of plagiarism and cheating will be dealt strictly and in accordance with the policy in place by the University.

## Things to Remember

- The dates/weeks provided below are an estimate of due dates for quizzes, assignments and project related material submission. These may be subject to modification by the instructor due to unforeseen circumstances/minor modifications in course. However, until informed so, please consider these dates/weeks as final.

Week	Date	Item Due

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<sup>3</sup> For example submitting someone else's work, past projects or direct material from the internet/books (unless outlined or referenced) as you own

**Bear in mind that it is the responsibility of the student to continuously keep track of these dates/weeks/lecture outline and any student not prepared for the class will be marked negatively in CP as well as the relevant class activity.**

- Do's and Don'ts of Class

DO	DONT
Come to class <b>on time</b> and having completed the reading material.	Submit assignments, quizzes late. Such assignments and quizzes will be cancelled.
Take notes during the lectures.	<b><u>Cause disturbance</u></b> in class. If you have a question, address it to the instructor.
Ask questions that are relevant to the topic being discussed and participate actively in class discussions and activities.	Walk in and out of class during the lecture as you please. If you have an emergency, let the lecturer know.
Let the lecturer know in advance if you need to miss a class.	Come to class <b><u>without your own copy of reading material</u></b> assigned for that week.
Respect your classmates opinions regarding topics under discussion	Ask the lecturer to reschedule deadlines.
Constantly monitor the course outline and <b><u>check the deadlines.</u></b>	<b><u>Ask the lecturer to change attendance details.</u></b>
Research topics and news items for constructive (and respectful) in-class debates.	Eat/Drink food in class.
<b><u>Switch off your phones</u></b> during class.	<b><u>DO NOT forget to write some form of identification on each document that is due for submission of any kind.</u></b>