

**Title:** Introduction to Economics

**Credit Hours:** 02

**Course Code:** GSS-101

**Course Introduction:**

The course illustrates the way in which economists view the world. It will equip students with the basic tools of Micro- and macroeconomics, and a learning to apply these tools. The course focuses on the behavior of households, firms, and government. Furthermore, it will enhance the understanding of the concepts of trade and specialization; the operation of markets; industrial structure, the determinants of aggregate output and price level, and the basic working of foreign exchange markets.

**Learning Outcomes:**

In the course the students should be able to:

1. Understand how markets and the price Mechanism function.
2. Describe the behavior of Economics agents (consumers, firms, governments...)
3. Understand economic welfare and producer and consumer surplus.
4. Recognize the major macro-economic Indicators for economic activity.
5. Appraise the role of Macroeconomic policies on firms and households.

**Course Contents:**

<b>Introduction to Economics &amp; Key Principles of Economics</b>	What is economics and why is it important? Definition of Microeconomics and Macroeconomics; How economists use theories and models to understand economic issues; Organization of economies: An overview of economic systems; Choice in a world of scarcity; How Individuals make choices based on their budget constraint; The production possibilities frontier and social choices; Confronting objections to the economic approach.
<b>Demand, Supply, and Market Equilibrium</b>	Demand, Supply and equilibrium in markets for goods and services; Shifts in demand and supply for goods and services; Changes in equilibrium price and quantity - The four-step process; Price ceilings and price floors; Demand, supply, and efficiency,
<b>Elasticity of Demand</b>	Elasticity; Price elasticity of demand and price elasticity of supply; Cases of elasticity and constant elasticity; Elasticity and pricing; Income elasticity of demand; Cross-price elasticity of demand.
<b>Production, Costs and Industry structure</b>	Explicit and implicit costs; Accounting and economic profit; Production in the short Run; Costs in the short run; Production in the long run; Costs in the long run.
<b>Market Structures</b>	Perfect competition; How perfectly competitive firms make output Decisions; Entry and exit decisions in the long run; Efficiency in perfectly competitive Markets.

	Monopolies; Barriers to entry; How a profit-maximizing monopoly chooses output and price; Monopolistic competition and oligopoly; Monopolistic competition; Oligopoly; market failure and externalities
<b>Macroeconomics &amp; Macroeconomic Indicators</b>	Measuring the size of the economy: Gross Domestic Product, Nominal vs. real values; Comparing GDP among countries; How well GDP measures the well-being of society; Economic Growth; Labor productivity and economic growth; labor force participation rates; Components of economic growth; Economic convergence.
<b>Unemployment and Inflation</b>	Unemployment rate; How economists define and compute unemployment rate; Patterns of unemployment; What causes changes in unemployment over the short run; What causes changes in unemployment over the long run. Tracking Inflation; How to measure changes in the cost of living; Indexing and its limitations; Inflation unemployment trade off; Types and causes of unemployment
<b>Components of Aggregate Demand</b>	Consumption, Investment, Government Expenditure, Exports, Imports
<b>Money, Banking &amp; Financial system</b>	Money: definition, forms and functions; Central bank and its functions with reference to the State Bank of Pakistan; Basics of commercial banking;
<b>Public Finance &amp; Taxation</b>	Sources of public revenue, various forms of taxes: Direct and Indirect; Income and commodity taxes; Sales and excise taxes; Non-tax revenues; Major heads of public expenditure Debt vs. deficit; Concept of budget deficits and sources of debt financing; Fiscal policy: meaning and objectives.
<b>International Trade</b>	Concept of imports and exports, Currency exchange rates, Balance of payments: causes of deficits in BOP of Pakistan and remedial measures, The problem of external debt.

### Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.
- To work on an independent research project.

### Recommended Books:

Mankiw, G-Principles of Economics- Latest Edition- south- West Publishers.

McConnell, Campbell & Stanley Brue, and Sean Flynn, Macroeconomics, Latest Edition. (McGraw-Hill Economics)

Samulson and Nordhaus – Economics –Latest Edition – McGraw Hill- Inc.

Parkin, Michael – Macroeconomics, Latest Edition – Prentice Hall.