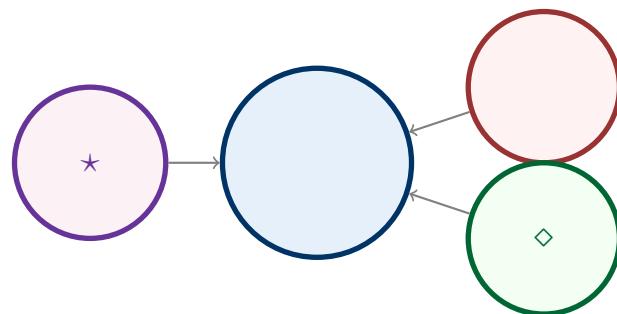


MICROECONOMICS

ECO102 — Course Outline

A Discussion-Based Exploration of
**Conventional, Behavioral, Islamic & Heterodox
Economics**



Semester: Spring 2026
Credit Hours: 03
Program: BBA
Instructor: Syed Waleed Mehmood Wasti
Email: waleed.wasti@shu.edu.pk
Office Hours: After class or by appointment

Contents

1 Course Philosophy & Approach	2
1.1 Course Description	2
1.2 Learning Objectives	2
2 Required & Recommended Readings	3
2.1 Primary Textbook	3
2.2 Supplementary Texts	3
2.3 Legend for Readings	3
3 Assessment & Grading	3
3.1 Class Participation (5%)	3
3.2 Class Recap Presentations (5%)	4
3.3 Assignments (15%)	4
4 Course Policies	4
4.1 Attendance & Preparation	4
4.2 Discussion Guidelines	4
4.3 Academic Integrity	5
4.4 Late Submissions	5
5 Weekly Schedule	5
6 Program Learning Outcomes Mapping	14
7 Additional Resources	14
7.1 Online Resources	14
7.2 Podcasts	14

1 Course Philosophy & Approach

A Multi-Perspective Journey Through Microeconomics

This course takes you beyond the conventional textbook approach to microeconomics. While grounding you firmly in mainstream economic theory (~70%), we will critically examine its assumptions and explore enriching perspectives from:

- Behavioral Economics:** Understanding how real humans actually make decisions
- ◇ **Islamic Economics:** Ethical foundations, welfare beyond utility, and alternative institutional frameworks
- * **Heterodox Economics:** Critical perspectives challenging mainstream assumptions

Our classroom is a seminar, not a lecture hall. Come prepared to discuss, debate, and discover.

1.1 Course Description

This course provides a comprehensive introduction to microeconomic principles while fostering critical thinking about economic theory and practice. We begin with fundamental concepts—scarcity, opportunity cost, and marginal analysis—before examining how markets function through supply and demand. The course then explores consumer behavior, producer theory, market structures, and market failures.

What distinguishes this course is its **pluralist approach**: alongside conventional neoclassical analysis, we incorporate insights from behavioral economics (how cognitive biases affect economic decisions), Islamic economics (ethical foundations and alternative frameworks), and heterodox critiques (questioning fundamental assumptions).

1.2 Learning Objectives

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

- LO1: Explain** core microeconomic concepts including scarcity, opportunity cost, marginal analysis, supply, demand, and equilibrium
- LO2: Analyze** consumer and producer behavior using both rational choice theory and behavioral insights
- LO3: Evaluate** different market structures and their efficiency implications
- LO4: Critically assess** the assumptions underlying standard economic models
- LO5: Compare and contrast** conventional, behavioral, Islamic, and heterodox perspectives on key economic questions
- LO6: Communicate** economic arguments effectively through discussion and written analysis
- LO7: Apply** economic reasoning to real-world policy debates and business decisions

2 Required & Recommended Readings

2.1 Primary Textbook

Mankiw, N. Gregory. *Principles of Microeconomics* (8th Edition or later). Cengage Learning.

2.2 Supplementary Texts

Cartwright, Edward. *Behavioral Economics* (3rd Edition). Routledge.

* **Hill, Rod & Myatt, Tony.** *The Microeconomics Anti-Textbook: A Critical Thinker's Guide* (2nd Edition). Zed Books.

◊ **Zaman, Asad.** *Islamic Economics: A Survey of the Literature*. Working Paper, University of Birmingham.

◊ Selected readings from classical Islamic economic thought (provided on LMS)

2.3 Legend for Readings

- Conventional/Mainstream Economics
- Behavioral Economics
- ◊ Islamic Economics
- * Heterodox/Critical Perspective

3 Assessment & Grading

Grading Breakdown

Component	Weight	Description
Class Participation	5%	Active engagement in discussions, asking thoughtful questions, contributing insights
Class Recap Presentations	5%	Each student presents 1 class recap during the semester
Reading Responses	10%	Brief written responses to assigned readings (submitted before class)
Assignments (4)	15%	Critical analysis assignments integrating multiple perspectives (5% each - lowest dropped)
Midterm Examination	25%	Covers Weeks 1–7
Final Examination	40%	Comprehensive, with emphasis on Weeks 8–15

3.1 Class Participation (5%)

- Quality matters more than quantity
- Demonstrate engagement with readings

- Respectfully challenge ideas (including the instructor's)
- Connect concepts across different economic perspectives
- Bring real-world examples to enrich discussion

3.2 Class Recap Presentations (5%)

How Recaps Work

Each class begins with a 10-minute recap by 2 students:

1. Summarize key concepts from the previous session (5 minutes each)
2. Highlight one point of confusion or debate
3. Pose one discussion question to the class

Schedule: Students will sign up during Week 1. Each student presents *at least once* during the semester.

3.3 Assignments (15%)

Four major assignments will challenge you to:

- Apply economic concepts to real-world situations
- Compare conventional analysis with alternative perspectives
- Develop critical thinking about economic assumptions
- Communicate economic arguments clearly

See separate assignment documents for detailed instructions.

4 Course Policies

4.1 Attendance & Preparation

- This is a **discussion-based course**—your presence and preparation are *essential*
- Complete all assigned readings **before** class
- More than 3 unexcused absences will affect your participation grade
- If absent, you are responsible for material covered

4.2 Discussion Guidelines

- **Engage respectfully** with diverse viewpoints
- **Support arguments** with evidence and reasoning
- **Question assumptions**—including those in the textbook
- **Listen actively** and build on others' contributions
- **Embrace uncertainty**—economics is not a settled science

4.3 Academic Integrity

All work must be your own. Plagiarism or cheating will result in a failing grade for the assignment and potential disciplinary action. When drawing on sources, cite them properly.

4.4 Late Submissions

- Assignments lose 10% per day late (up to 3 days)
- After 3 days: not accepted without prior approval
- Reading responses: not accepted late (discussion timing)

5 Weekly Schedule

Note: Schedule may be adjusted based on class progress and interests.

PART I: FOUNDATIONS OF ECONOMIC THINKING

Week 1: What is Economics? Competing Visions

Topics:

- The economic problem: scarcity and choice
- Ten Principles of Economics (Mankiw)
- Economics as a “science” vs. economics as moral philosophy
- Why study alternative perspectives?

Readings:

- Mankiw, Chapter 1: Ten Principles of Economics
- * Anti-Textbook, Chapter 1: What is Economics? (pp. 11–30)
- ◇ Zaman, Section 1: Preface (pp. 5–16)

Discussion Questions:

1. Is economics a “science” like physics? Should it aspire to be?
2. How do starting assumptions shape economic conclusions?
3. What does the Islamic tradition add to our understanding of “the economic problem”?

Week 2: Thinking Like an Economist—And Questioning It

Topics:

- The economist's toolbox: models, assumptions, graphs
- Positive vs. normative economics
- The role of assumptions in economic modeling
- Homo economicus: a useful fiction?

Readings:

- Mankiw, Chapter 2: Thinking Like an Economist
- * Anti-Textbook, Chapter 2: Introducing Economic Models (pp. 31–50)
- Cartwright, Chapter 1: Introduction to Behavioral Economics (pp. 3–24)

Discussion Questions:

1. What are the costs and benefits of simplifying assumptions in models?
2. Can economics ever be truly “positive” (value-free)?
3. How does behavioral economics challenge the homo economicus assumption?

Week 3: Trade, Specialization & Interdependence

Topics:

- Absolute and comparative advantage
- Gains from trade
- The Production Possibilities Frontier
- Islamic perspective on trade and cooperation

Readings:

- Mankiw, Chapter 3: Interdependence and the Gains from Trade
- ◇ Zaman, Section 4.3: Islamic Rules of Business (pp. 39–43)
- * Anti-Textbook, Section on trade assumptions (supplementary handout)

Discussion Questions:

1. Does comparative advantage always lead to mutual benefit? What about power imbalances?
2. How do Islamic principles of fair trade compare with free trade ideology?
3. What assumptions must hold for gains from trade to materialize?

Assignment 1 Distributed: “Assumptions in Economic Models”

PART II: HOW MARKETS WORK

Week 4: Supply, Demand & Market Equilibrium

Topics:

- The demand curve and its determinants
- The supply curve and its determinants
- Market equilibrium
- Shifts vs. movements along curves

Readings:

- Mankiw, Chapter 4: The Market Forces of Supply and Demand
- * Anti-Textbook, Chapter 3: Supply and Demand (critique sections)

Discussion Questions:

1. What assumptions are embedded in the simple supply-demand model?
2. Are all markets well-described by supply and demand curves?
3. What happens when markets don't exist or fail to clear?

Week 5: Elasticity & Applications

Topics:

- Price elasticity of demand and supply
- Income and cross-price elasticity
- Applications: tax incidence, minimum wages
- Behavioral factors affecting elasticity

Readings:

- Mankiw, Chapter 5: Elasticity and Its Application
- Cartwright, Section on reference dependence and price sensitivity
- * Anti-Textbook discussion of minimum wage debates

Discussion Questions:

1. How do behavioral factors (habits, reference points) affect measured elasticities?
2. Why do economists disagree about minimum wage effects?
3. Who really bears the burden of a tax—and does framing matter?

Assignment 1 Due

Week 6: Government Intervention—Markets vs. Policy

Topics:

- Price controls: ceilings and floors
- Taxes and subsidies
- Deadweight loss and efficiency
- Islamic perspectives on price regulation

Readings:

Mankiw, Chapter 6: Supply, Demand, and Government Policies

- ◊ Classical Islamic sources on *tas'ir* (price setting) — handout
- ★ Anti-Textbook critique of deadweight loss analysis

Discussion Questions:

1. When is government intervention in markets justified?
2. How did classical Islamic jurists think about price controls?
3. Does the deadweight loss framework capture all relevant considerations?

Assignment 2 Distributed: “Markets and Morality”

Week 7: Welfare Economics & Efficiency

Topics:

- Consumer and producer surplus
- Market efficiency
- The welfare theorems
- Critiques: Is “efficiency” enough?

Readings:

Mankiw, Chapters 7–8: Consumers, Producers, and Efficiency of Markets; Application: Costs of Taxation

- ◇ Zaman on *maslaha* (public interest) vs. Pareto efficiency
- ★ Anti-Textbook, Chapter 5: Welfare analysis critique

Discussion Questions:

1. Is Pareto efficiency a good criterion for evaluating economic outcomes?
2. How does the Islamic concept of *maslaha* differ from welfare economics?
3. What values are embedded in “efficiency” analysis?

MIDTERM REVIEW SESSION

Week 8: MIDTERM EXAMINATION

Coverage: Weeks 1–7 (All material)

Format:

- Multiple choice questions (30%)
- Short answer questions (40%)
- Essay question comparing perspectives (30%)

Assignment 2 Due (before midterm)

PART III: CONSUMER BEHAVIOR

Week 9: Consumer Choice—The Rational Model

Topics:

- Utility and preferences
- Budget constraints
- Optimal choice
- Deriving the demand curve

Readings:

Mankiw, Chapter 21: The Theory of Consumer Choice

* Anti-Textbook critique of utility theory

Discussion Questions:

1. Can preferences really be represented by utility functions?
2. What does it mean for preferences to be “rational”?
3. Where do preferences come from?

Week 10: Behavioral Insights on Consumer Decisions

Topics:

- Bounded rationality and heuristics
- Prospect theory: loss aversion, reference points
- Mental accounting
- Present bias and self-control problems

Readings:

Cartwright, Chapter 2: Simple Heuristics for Complex Choices (selections)

Cartwright, Chapter 3: Choice with Risk (Prospect Theory)

Cartwright, Chapter 4: Choosing When to Act (Present Bias)

Discussion Questions:

1. How do heuristics help and hurt consumer decisions?
2. What are the policy implications of loss aversion?
3. Should we “nudge” people toward better decisions?

Assignment 3 Distributed: “Behavioral Analysis of a Market”

Week 11: Beyond Self-Interest—Ethics & Consumption**Topics:**

- Islamic view of the consumer: *khalifa* (stewardship)
- Moderation vs. maximization
- Ethical consumption and *halal/haram*
- Behavioral economics on fairness and social preferences

Readings:

- ◇ Zaman, Section 3: Fundamentals of Islamic Economics (pp. 27–33)
- Cartwright, Chapter 7: Social Preferences (selections)
- ★ Anti-Textbook on “consumer sovereignty”

Discussion Questions:

1. How does the Islamic concept of *khalifa* change our view of consumption?
2. Are humans inherently self-interested or socially oriented?
3. What is the role of ethics in consumer choice?

PART IV: PRODUCER BEHAVIOR & MARKET STRUCTURES**Week 12: Production & Costs****Topics:**

- Production functions
- Short-run vs. long-run costs
- Economies and diseconomies of scale
- Islamic principles on production: labor dignity, fair wages

Readings:

- Mankiw, Chapter 13: The Costs of Production
- ◇ Zaman, Section 4.4: Labour (pp. 43–44)
- ★ Anti-Textbook on firm theory assumptions

Discussion Questions:

1. Does profit maximization describe real firm behavior?
2. How do Islamic labor principles compare with conventional theory?
3. What's missing from the textbook treatment of firms?

Assignment 3 Due

Week 13: Perfect Competition & Monopoly

Topics:

- Perfect competition: assumptions and implications
- Monopoly: sources, pricing, deadweight loss
- Natural monopoly and regulation
- Islamic perspective on market power

Readings:

Mankiw, Chapter 14: Firms in Competitive Markets

Mankiw, Chapter 15: Monopoly

- ❖ Classical Islamic sources on *ihtikar* (hoarding) — handout

Discussion Questions:

1. Is perfect competition a useful benchmark or a misleading ideal?
2. How should society deal with monopoly power?
3. What does Islam say about hoarding and market manipulation?

Assignment 4 Distributed: “Market Structure Analysis”

Week 14: Imperfect Competition & Strategic Behavior

Topics:

- Monopolistic competition
- Oligopoly and game theory basics
- Behavioral economics of firm decision-making
- Market power and inequality

Readings:

Mankiw, Chapter 16: Monopolistic Competition

Mankiw, Chapter 17: Oligopoly

Cartwright on behavioral game theory (selections)

- ★ Anti-Textbook on competition and market power

Discussion Questions:

1. How well does game theory predict actual firm behavior?
2. What are the social costs of advertising and branding?
3. Is market concentration a growing problem?

Week 15: Market Failures & The Boundaries of Markets**Topics:**

- Externalities and public goods
- Asymmetric information
- The limits of markets: what shouldn't be sold?
- Islamic economic institutions: *waqf, zakat*

Readings:

Mankiw, Chapter 10: Externalities

Mankiw, Chapter 11: Public Goods and Common Resources

◇ Zaman, Section 5: Islamic States (public finance)

★ Anti-Textbook on the “market for everything” critique

Discussion Questions:

1. Where should markets end and other institutions begin?
2. How do Islamic institutions like *waqf* address market failures?
3. What role should government play in the economy?

Assignment 4 Due

Week 16: Integration & Review**Topics:**

- Synthesizing perspectives: What have we learned?
- The future of economic thinking
- Course review and exam preparation

Activities:

- Student-led discussion on “What I wish the textbook said”
- Comprehensive review session
- Q&A for final examination

FINAL EXAMINATION

Coverage: Comprehensive (Weeks 1–16, emphasis on Weeks 8–15)

Format:

- Multiple choice questions (25%)
- Short answer questions (35%)
- Essay questions comparing perspectives (40%)

Date: As per university examination schedule

6 Program Learning Outcomes Mapping

PLO	Description	Course CLOs
PLO1: Knowledge	Explain core concepts in business and related disciplines	LO1, LO2, LO3
PLO2: Team-building	Demonstrate interpersonal skills	Class discussions, Recap presentations
PLO3: Critical Thinking	Analyze problems and formulate solutions	LO4, LO5, LO7
PLO4: Communication	Communicate through oral and written means	LO6, Assignments, Recaps
PLO5: Ethics	Exhibit work ethics and promote sustainable development	LO5 (Islamic & ethical perspectives)

7 Additional Resources

7.1 Online Resources

- **CORE Econ** (<https://www.core-econ.org/>) — Free, pluralist economics textbook
- **Khan Academy Economics** — Video explanations of core concepts
- **Marginal Revolution University** — Short economics videos
- **Institute for New Economic Thinking** — Alternative perspectives

7.2 Podcasts

- *Planet Money* (NPR) — Accessible economics stories
- *Freakonomics Radio* — Behavioral economics applications
- *EconTalk* — In-depth economic discussions

A Final Word

The Goal of This Course

Economics is too important to be left only to economists. The decisions we make as individuals, businesses, and societies are shaped by economic thinking—but that thinking should be informed, critical, and aware of its limitations.

This course invites you to master the conventional tools while questioning their assumptions. To learn the mainstream while hearing dissenting voices. To see economics not as a set of fixed truths, but as an ongoing conversation about how we organize our collective life.

Come with curiosity. Leave with questions.

— *Your Instructor*