

Economics 13e

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Discover how the dynamic world of economics influences our daily lives, society, political decisions and environmental concerns. This thirteenth edition of Economics by David Begg, Gianluigi Vernasca, Eric Golson and Bridget Kauma, supports students' understanding of economics by blending foundational principles with contemporary issues and applications.

Covering the latest economic topics, such as the global implications of war, the effects of macroinflation and the role of AI in the labour market this new edition provides a thorough and insightful exploration that fosters critical thinking and informed decision-making. Perfect for anyone looking to deepen their economic knowledge and apply it effectively.

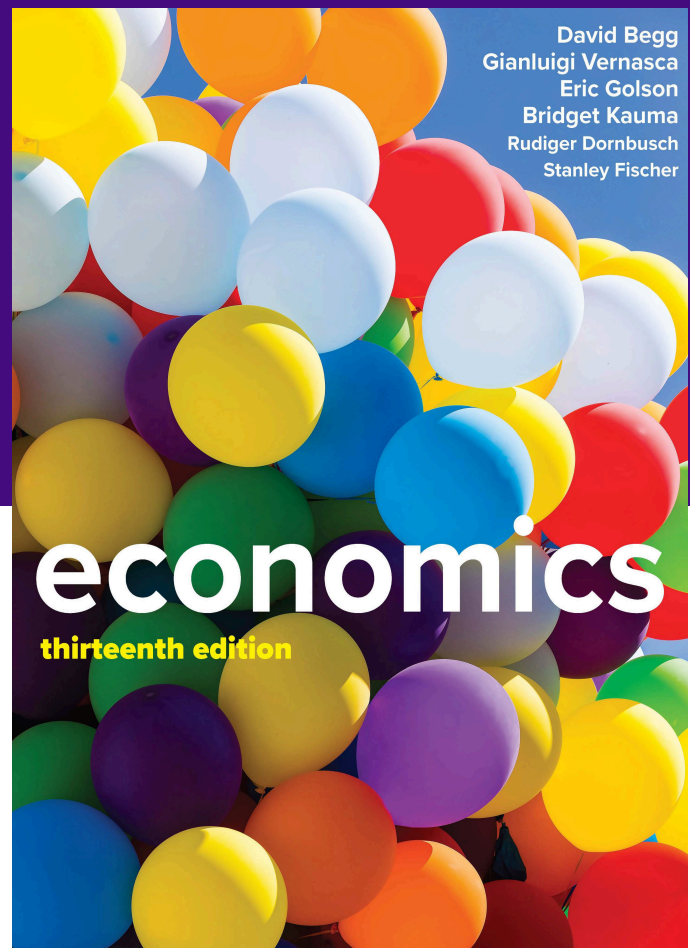
Preface

Economics is much too interesting to be left to professional economists. It affects almost everything we do, not merely at work or at the shops but also in the home and the voting booth. It influences how well we look after our planet, the future we leave for our children, the extent to which we can care for the poor and the disadvantaged, and the resources we have for enjoying ourselves.

These issues are discussed daily, in bars and on buses as well as in cabinet meetings and boardrooms. The

formal study of economics is exciting because it introduces a toolkit that allows a better understanding of the problems we face. Everyone knows a smoky engine is a bad sign, but sometimes only a trained mechanic can give the right advice on how to fix it.

This book is designed to teach you the toolkit and give you practice in using it. Nobody carries an enormous toolbox very far. Useful toolkits are small enough to be portable but contain enough proven tools to deal with both routine problems and unforeseen circumstances. With practice, you will be surprised at how much light this analysis can shed on daily living. This book is designed to make economics seem as useful as it really is.



Want to learn more?

Read a sample chapter and [request a review copy](#) »



[Features & Changes](#) »

[Chapter Changes](#) »

[Included within Connect](#) »

About the Authors

David Begg

David Begg is Emeritus Professor of Economics at Imperial College London, and former Principle of the Business School. He is a fellow of the Royal Society of Edinburgh, a fellow of the City and Guilds of London Institute and senior independent director of IP Group, which invests in technology start-ups from leading universities in the UK, the US, and Australasia.

Eric Golson

Eric Golson is an Associate Professor of Economics at the University of Surrey, specializing in economic warfare and international political economy. His research includes trade warfare, economic sanctions, and military spending. An award-winning educator and advocate for diversity, he has published extensively and holds degrees from the London School of Economics and the University of Chicago.

Gianluigi Vernasca

Gianluigi Vernasca is Professor of Economics at the University of Essex. Since October 2013 he has also been Director of Education in the Department of Economics. He is Senior Fellow of the Higher Education Academy and has taught economics at both undergraduate and postgraduate levels in various institutions.

Bridget Kauma

Bridget Kauma is a Lecturer in Economics at the University of Sussex, where is also the Course Director for the BA Economics. Bridget is a fellow of the Higher Education Academy and teaches Economics at both the undergraduate and postgraduate levels. She received her PhD from the University of Sussex in 2022. Her research interests are in international trade with a particular emphasis on the intersection between productivity and labour markets. Prior to joining the academia Bridget worked as Chief Trade Officer in the Ministry of Trade in Malawi.

Features and Changes

- **Up to date insights:** Fully updated chapters, including new material on AI, the continued impact of COVID-19 on consumer's confidence and expanded material on climate change.
- **Engaging pedagogy:** Across each chapter, theory is met with topical case studies, boxes on economic concepts and activity applications, showcasing the relevance and application of the material.
- **Flexible learning:** Economics is written with the reader in mind, to allows students to learn at their own pace. End of chapter questions are graded by difficulty and math boxes are optional for technical ability to be scaffolded.
- **Expert authors:** Written by renowned economics with extensive experience in academia and practice.
- **Digital material:** A wealth of online resources including adaptive learning technology, application-based activities, graphing and maths prep, question banks and a full suite of instructor resources.

Pedagogical features

Learning Outcomes

Key Terms

Summaries

Boxed examples

Extensive tables and figures

Chapter 1 Economics and the economy	<ul style="list-style-type: none"> • Updated Economic Naturalist: Why does an efficient health service not do everything to keep people alive? • 2 New Review Questions
Chapter 2 Tools of economic analysis Sample Chapter »	<ul style="list-style-type: none"> • Updated section 2.1 to reflect more recent data • New Case 2.1 on the effect of scholarships on college attainment • Section 2.3 and 2.4 has been updated to reflect more recent data
Chapter 3 Demand, supply and the market	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • New Case 3.2 on Comparative statistics and the natural gas market in Europe
Chapter 4 Elasticities of demand and supply	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • New Case 4.2 Elasticity of demand and expenditure: the case of Nestlé
Chapter 5 Consumer choice and demand decisions	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • New Concept Check 5.3 box on Veblen goods • New Case 5.1 How do people respond to winning the lottery
Chapter 6 Choice under uncertainty and behavioural economics	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • Updated Case 6.1 Are women more risk averse than men? • New Case 6.5 Overconfidence in managers
Chapter 7 Introducing supply decision	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • NEW Concept Check on Corporate Social Responsibility and Profit Maximization • New Concept Check on Why do firms exist
Chapter 8 Production, costs and supply	<ul style="list-style-type: none"> • This chapter has been updated throughout to highlight the impact of technology on the labour market and to reflect new data and research • Updated Concept Check 8.1 to include the impact of generative AI on the labour market • New Concept Check 8.2 on Marxist economics and the falling rate of profit • New Case 8.1 Labour productivity: the case of Ireland • New Case 8.3 on Returns to scale in the banking sector
Chapter 9 Perfect competition and pure monopoly	<ul style="list-style-type: none"> • Updated Case 9.1 to include developments in cryptocurrencies • New Case 9.3 asking if Amazon is a monopoly • New section on Second degree price discrimination
Chapter 10 Market structure and imperfect competition	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • Updated Case 10.1 to reflect new data and research • New Concept Check 10.3 on Mixed strategies in Game Theory
Chapter 11 Labour market	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • New Case 11.1 on ChatGPT and it's effect on the labour productivity • Updated Case 11.2 Does immigration hurt native workers? • Expanded discussion on the gender pay gap • New Concept Check 11.3 Feminist economics view of the gender pay gap

Chapter 12 Factor markets, income distribution, and inequality	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research. Case 12.1 has been updated to reflect the impact of Covid-19 on house prices
Chapter 13 The economics of information	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research. New Case 13.4 Online disinformation: ‘fake news’ discussing the effect of fake news on the 2016 US election
Chapter 14 Welfare economics	<ul style="list-style-type: none"> Updated Concept Check 14.1 General vs partial equilibrium: an example of employment policy to include information on India’s National Rural Employment Guarantee Scheme (NREGS) Expanded 14.6 on Climate change to include current trends, data and policies. New Case 14.3 Externalities at work: The case of COVID-19 vaccination New Case 14.4 Is Bitcoin bad for the environment?
Chapter 15 Government spending and revenue	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research.
Chapter 16 Governing the market	<ul style="list-style-type: none"> New Case 16.1 A cartel in the Japanese electricity market New Case 16.3 Horizontal mergers: The case of JetBlue – Spirit Airlines New Case 16.4 Evidence on modern industrial policy Updated 16.2 Tying and bundling in action: The Google Android case with new data and research
Chapter 17 Introduction to macroeconomics	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research. New section on Economics of the environment, New Case 17.2 Global fertility and replacement rates
Chapter 18 Supply-side economics and economic growth	<ul style="list-style-type: none"> Revised graph 18.2 with updated data New Case 18.2 on the UK productivity puzzle Included more global south countries
Chapter 19 Output and aggregate demand	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research. Update Case 19.2 with new data and research
Chapter 20 Fiscal policy and foreign trade	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research, to highlight pre- and post- financial crisis protectionist policies. Additional data to reflect the effect of the financial crisis on emerging economies New discussion on rising government debt New Case study 20.2 Fiscal sustainability and the scope for investment in the climate transition in the United States
Chapter 21 Money, banking and financial markets	<ul style="list-style-type: none"> This chapter has been reviewed and updated throughout to reflect new data and research. Section 21.3 has been updated to include infinite sum equation

Chapter 22 Money demand, interest rates and monetary transmission	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • Section 22.6 has been updated to reflect new aspects of quantitative easing • Case 22.1 has been updated to reflect new elements of quantitative easing
Chapter 23 Monetary and fiscal policy 460 24 Aggregate supply, prices and adjustment to shocks	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • New Concept Box 23.1 introducing the yield curve, which is key in the implementation of monetary policy. • New Case 23.2 on UK policy mix
Chapter 24 Aggregate supply, prices and adjustment to shocks	<ul style="list-style-type: none"> • Updated case 24.1 to include the impact of Covid-19 and the Russian invasion of Ukraine and the policy response to spiraling inflation in recent years • The graph in Activity 24.1 has been extended to include recent shocks on the output gap • Section 24.8 includes an expanded discussion on why the Bank of England and most banks do not target GDP growth but inflation.
Chapter 25 Inflation, expectations and credibility	<ul style="list-style-type: none"> • Introduction section has added discussion on house prices • Section 25.2 has been updated to include a more global perspective and changing to include examples
Chapter 26 Unemployment	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • Section 26.1 Now includes a new discussion on immigration and unemployment • Section 26.2 includes an extended discussion to reflect on the impact of Covid-19 on unemployment • New Case 26.2 on UK points-based system for immigration
Chapter 27 Exchange rates and the balance of payments	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • New Case 27.1 Burgernomics: The Big Mac Index
Chapter 28 Open economy macroeconomics	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • Activity 28.1 has been extended to include research from present day • New Case 28.2 Dollarization: Be careful what you wish for
Chapter 29 Business cycles	<ul style="list-style-type: none"> • This chapter has been revised to incorporate new post-2018 developments including US, UK and EU challenges and responses to Covid-19 • New Case 29.2 Lagging Japanese growth • New Case 29.3 British expectations of inflation • New Section 29.4
Chapter 30 International trade	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • This chapter introduces the concept of Global Value Chains as well as a discussion on African Integration
Chapter 31 Exchange rate regimes	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • The introduction includes a new discussion on monetary trilemma, and enhanced discussion of national-international trade off • Section 31.1 includes a new discussion on the Japanese devaluation
Chapter 32 Globalization, national sovereignty and the world economy	<ul style="list-style-type: none"> • This chapter has been reviewed and updated throughout to reflect new data and research. • Section 32.9 is a new section that discusses the pandemic, climate change and other challenges and the concept of rising risk rates and inequality

Connect Content	Description
Smartbook	<p>SmartBook is an adaptive learning solution that provides personalized learning to individual student needs, continually adapts to pinpoint knowledge gaps, and focuses learning on concepts requiring additional study. It fosters more productive learning, takes the guesswork out of what to study, and helps students better prepare for class. Our adaptive experience is more personal, accessible, productive, and mobile.</p>
Testbank	<p>The Connect testbank can be used in different ways for practice, revision, or exams – with options for the instructor to control variables like the number of attempts students are allowed, time taken, and randomisation of items. Set continuous, formative assessments as a mandatory, integrated part of the program, ensuring students pace their learning and giving you real-time insight. Or, with a wide variety of item types, academic integrity tools built in, and the flexibility to mix autograded and instructor marked questions, the test bank can also be used to run your summative exams digitally.</p> <p>End of Chapter questions: Our assignable, autogradable end-of-chapter content helps students learn to solve problems and apply the concepts they have learned. Algorithmic versions allow students to practice problems as many times as they need to ensure that they fully understand each problem.</p> <p>Interactive Graph Assignments Interactive Graph Assignments are designed to help students visualize and interpret economic concepts, graphs, and real data. All graphs are accompanied by assignable assessment questions and feedback to guide students through the experience of learning to read and interpret graphs and data.</p> <p>Maths Prep: Maths Concepts and Practice: Do your students need additional support with key, pre-requisite requirement math skills to be successful in your course? Our Math Prep can be assigned to give students the opportunity to revisit and practice important concepts such as Area, Fractions, Graphs, Percentages and Ratios, Simple Equations, Systems of Equations.</p> <p>Connect the Dots videos The Connect the Dots video series takes important economic concepts and explains them in an engaging, relatable manner. Patrick Walsh walks students through examples that help contextualize concepts in ways that make them easier to understand and apply.</p> <p>MobLab Questions MobLab is a 3rd-party platform that allows students to participate in economic games and experiments. MobLab helps students get hands-on experience with concepts in the course by promoting active learning and discussion. To make learning measurable, a pool of MobLab Companion Questions is available as part of the "Additional Resources" in Connect.</p> <p>The Economic and Ethics Discussion Questions Over 60 topic-tied questions that highlight the challenge of ethical decision making within the economic study of allocating resources. Set-up as multiple-choice questions without a correct answer, these questions are paired with in-depth explanations with the purpose to help spur discussion. All ethical dilemmas are wrapped around standard economic topics such as price discrimination and scalping, the Edgeworth box and Pareto optimality, interest and usury outsourcing, environmentalism as a normal/luxury good, and more.</p>

Real World Economics Case Study Collection	<p>This collection was designed to provide instructors with a more flexible tool, that can be used in a variety of ways (pre-seminar or lecture homework or in-class group work), we have developed case study packages made up of a case focusing on the same company and industry of choice, in 2 different lengths: mini case and long case. Each case package includes associated testing questions to validate student understanding of the case content and associated teaching notes.</p> <ul style="list-style-type: none"> • Capitalism and social justice – can they coexist? (Long) • Social responsibility and political activism at Ben & Jerry's (Short) • Nestlé's journey towards achieving net zero – opportunities and challenges (Long) • The future of food science – Nestlé's holistic approach to nutrition (Short) • Changing the future of digital transformation the Siemens way (Long) • Innovation through technology and collaboration at Siemens (Short) • The cost-of-living crisis, inflation and the tight labour market (Long) • The cost-of-living crisis and the wage-price spiral (Short) • The effects of the war in Ukraine and its contribution to the energy and food crises (Long) • The effects of the war in Ukraine and its contribution to green energy transition (Short)
Economic Naturalist graphing questions	Developed specifically to complement this key pedagogical feature from the textbook.
Adaptive Econ Prep: Math & Graphing	<p>Math and graphing preparedness assignments help students refresh important prerequisite topics necessary to be successful in economics. This new Adaptive Econ Prep Tool provides students just-in-time math and graphing remediation that are required to succeed in Principles of Economics courses and adapt to each student.</p> <p>Select from 7 modules covering Trade, Production Possibilities, Law of Demand and the Demand Curve, Law of Supply and the Supply Curve, Equilibrium Price and Quantity, Price Elasticity Coefficient and Formula, Cross Elasticity and Income Elasticity of Demand.</p>
Application Based Activities	Immersive real-life scenarios engage students and put them in the role of everyday economists. Students practice their economic thinking and problem-solving skills as they apply course concepts and see the implications of their decisions as they go.
Writing Assignment	Help students improve their conceptual understanding and written communication skills with McGraw Hill Connect Writing Assignments. Integrate writing skill development into your course with ease and help your students gain the critical writing skills they need for success now and beyond. Assign, monitor, mark, and provide feedback all in one place.
Critical Thinking Assignment	Critical Thinking Assignments helps guide students through the process of critical reading and analysis before, during, and after reading. It can be built with embedded scaffolding, or on its own and provides the practice students need to read real-world texts analytically and critically by guiding them through the thinking required for deep understanding.
Polling Tool	Create open and closed answer polls to use in class. Just like Kahoot, students access via a QR code, Poll ID or direct URL and navigate easily on a mobile device. Use it for fun or to incentivise weekly engagement with in-person Polling activity to boost attendance.
Proctorio	Proctorio software is embedded in Connect to enable instructors to run secure online assessments. Browser locking, video and audio recording and screen capture is available.

Media Services	Record video, audio and screen capture directly through Connect
Newsflash Exercises (Economics)	Newsflash activities are assignable and auto graded within Connect, students read a relevant news article and are graded on their ability to connect the content to key economics topics, deepening their understanding and using content that is relevant to their everyday lives.
AI Reader	McGraw Hill's AI Reader is an AI learning tool embedded within the eBook in Connect, that promotes active reading to drive meaningful engagements and conceptual understanding of course content. This tool helps foster discovery, curiosity, and deeper understanding of the course content, while giving students a more hands-on and active approach to reading, which leads to better comprehension of the material. Crucially it allows students to use AI within the framework of trusted content, selected by instructors.
Reading Assignment	Create basic reading assignments by selecting specific sections or whole chapters of the eBook and set start and end dates. (Lacks the adaptive questions or insights that setting reading through SmartBook provides but does contain the AI reader feature).
ReadAnywhere app	<p>Maximize study time with ReadAnywhere™</p> <p>The FREE ReadAnywhere app lets students download the eBook of their textbook on their smartphone or tablet, read, take notes highlight and more. If the course uses Connect, they can also access SmartBook assignments via the app for on-the-go convenience.</p>



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