Principles of Economics

Academic Year: (2019 / 2020) **Review date: 21-03-2019**

Department assigned to the subject: Economics Department

Coordinating teacher: ROMERO MEDINA, ANTONIO

Type: Basic Core ECTS Credits : 6.0

Year : 1 Semester : 1

Branch of knowledge: Social Sciences and Law

OBJECTIVES

The subject Principles of Economics introduces the student into the rudiments of economic analysis so she (he) can start to thinking as an economist. To achieve this, a complete overview of the economic system is given. It is explained how individual agents relate to each other (consumers and producers) and how their interactions in the market give rise to economic aggregates at the macro level (production of goods and services, price levels, distribution of income). Emphasis is placed on consumer choice (demand) and producer supply in an institutional framework (laws and governments) conditioning their decisions and facilitating exchange relations.

Skills

- Identify, organize and analyze relevant economic information in a critic and systematic way.
- Clearly state economic problems assessing their scope and advancing viable solutions.
- Understand the relationship between economy and society in a world strongly influenced by technological progress and climate change.

Attitudes

- Respect for economic facts as a basis for decision making both in private and public policies.
- Interest in other persons' ideas and willingness to express own opinions with grounds on empirical references.
- Enthusiasm to take advantage from training and entrepreneurship opportunities throughout professional life.

DESCRIPTION OF CONTENTS: PROGRAMME

The syllabus of Principles of Economics aims to introduce the students to the fundamentals of economic analysis, distinguishing between microeconomics and macroeconomics.

1. Introduction. The basic economic problem: scarcity and pure interchange. Microeconomics and Macroeconomics. Normative and positive economics. Opportunity cost and comparative advantage.

I. MICROECONOMICS

2. The demand function. Marginal utility and individual demand. The aggregated demand. Movements along and shifts of the demand curve.
3. The supply curve. Marginal costs and supply of products by the individual firm. Aggregate supply. Movements along and shifts of the supply curve. Elasticity of demand and supply.
4. Market equilibrium. Efficiency and equity in the market: consumer and producer surplus.
5. Market intervention and effects on welfare: price controls, quantity controls, taxes and subsidies.
6. Market failures I: Imperfect competition (monopoly, oligopoly and monopolistic competition). Asymmetric information: moral hazard and adverse selection.
7. Market failures II: Externalities and public goods.

II. MACROECONOMICS

8. Macroeconomic aggregates. GDP: definition and measurement.
9. Savings and Investment. Labour Market. Consumer Price Index and Inflation.
10. Money. Financial and monetary systems. The Central Banks and monetary policies. Money and inflation.
11. Open economies. Trade balance and international capital flows. Nominal and real exchange

rate.
12. Economic fluctuations. Aggregate demand and aggregate supply. Short run and long run.
13. Fiscal policy. Mulipitlier and crowding out. Monetary policy, interest rate and aggregate demand. Debate on the adequacy of active economic policies.
14. Summary, review and preparation of the final exam.

LEARNING ACTIVITIES AND METHODOLOGY

The teaching methodology is based on two types of sessions:

1. Master classes, where the subject is given with graphical support (slides). To facilitate learning the students have access to audiovisual materials and basic texts of reference to complete and deepen the topics explained in class.
2. Practical classes to smaller groups of students, where they can take a more active part in solving the proposed exercises. In these classes student¿s participation and solving of problem sets are graded (¿continuous assessment)¿. Student participation in class enables them to analyze problems and communicate solutions, encouraging the exchange of opinions.

ASSESSMENT SYSTEM

The continuous assessment evaluates student participation, solving of problem sets and answering to questions in practical classes and on-line evaluation; it amounts to 40% of the final grade. The remainder of the grade is based on a final exam.
A necessary requirement to pass is a minimum grade of 3 out of 10 in the final exam.

% end-of-term-examination:	60
% of continuous assessment (assigments, laboratory, practicals…):	40

BASIC BIBLIOGRAPHY

- -Mankiw, N. G. Principios de Economía, Thomson Paraninfo,, 6th Edition,, Madrid, 2010.
- -Stiglitz J.: Macroeconomía, , Ariel, , 2004
- Javier Díaz-Giménez, Macroeconomía. Primeros conceptos., Antoni Bosch Editor, , Barcelona, 1999.
- N. Gregory Mankiw, Principios de Economía, , Editorial Paraninfo, 6ª edición,, Madrid, 2010.
- Paul Krugman, Robin Wells y Kathryn Graddy, Fundamentos de Economía,, Editorial Reverté 2ª edición, , 2012.
- Stiglitz J, and C. E. Walsh: Microeconomía,, Ariel, , 2008.