Principles of economics: markets and financials failures

Academic Year: (2022 / 2023) **Review date: 20-05-2022**

Department assigned to the subject: Economics Department

Coordinating teacher: MORA VILLARRUBIA, RICARDO

Type: Compulsory ECTS Credits : 6.0

Year : 3 Semester : 2

OBJECTIVES

The main objective is to introduce the student to the basic principles of economic theory. After taking the subject of Principles of Economics, the student :
- will know the fundamental economic concepts, so that they constitute a tool of practical utility in the future.
- will know at an introductory level the approaches and solutions that Economics offers.
- will be familiar with the methods and instruments of Economics.
- will reach an elementary command of the technical languages of Economics (verbal, mathematical, graphic)
- will have introductory knowledge of sources of economic information.

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.- Se habrá despertado su capacidad de observación, análisis y resolución de problemas económicos.
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. The Global economy and the main macroeconomic indicators.
9. The basic macroeconomic model.
10. The GDP, National accounts and financial accounting.
11. The public sector and fiscal policy.
12. Money, monetary aggregates and monetary policy.
13. Price indexes, inflation and the interest rate.
14. The exchange rate and exchange rate policy.

LEARNING ACTIVITIES AND METHODOLOGY

The teaching methodology is based on two types of sessions:

1. Theory sessions, 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. Practice sessions, where studients take active part by, for example, solving exercises and

participation in discussions. these two activities will be graded .

ASSESSMENT SYSTEM

Los exámenes podrán combinar preguntas breves, problemas y uno o varios temas a desarrollar. Todos los exámenes podrán incluir sólo preguntas tipo test.

Para la evaluación se tendrán en cuenta:
- La asistencia y participación en las clases teóricas.
- La asistencia y participación en las clases prácticas, así como las contestaciones a las preguntas y ejercicios que se formulen. Podrán realizarse pruebas escritas de evaluación al conjunto de los alumnos a lo largo del curso.
- La entrega, en su caso, de los ejercicios resueltos que indique el profesor de prácticas.
- Los resultados del examen final.

Las faltas de ortografía y una redacción manifiestamente incorrecta en los exámenes pueden ser penalizadas con puntos negativos.

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

BASIC BIBLIOGRAPHY

- Díaz-Giménez, Javier Macroeconomía. Primeros conceptos., Antoni Bosh Editor.
- Krugman, Olney, Wells. Fundamentos de Economía., Ed. Reverté., 2008
- Mankiw, N. Gregory Principios de Economía, Thomson Paraninfo.
- Stiglitz-Walsh Microeconomía, Ariel, 2004
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