

**COURSE DATA****Data Subject**

Code	35877
Name	Introduction to economics
Cycle	Grade
ECTS Credits	6.0
Academic year	2023 - 2024

Study (s)

Degree	Center	Acad. year	Period
1314 - Degree in International Business	Faculty of Economics	1	First term

Subject-matter

Degree	Subject-matter	Character
1314 - Degree in International Business	3 - Economics	Basic Training

Coordination

Name	Department
BENEITO LOPEZ, PILAR	10 - Economic Analysis

SUMMARY

Introductory economics falls into the subject of economics which, as a foundation subject type, is lectured in the first term of the first year in the degree of International Business.

Economics subject includes Introductory Economics and also the courses Microeconomics (6 ECTS, which is lectured in the first year, second term) and International Economics (6 ECTS, which is lectured in the second year, second term)

This course is an introduction to the principles of economic analysis, where the students are initiated in the basic functioning of markets, either at the microeconomics and the macroeconomics level. The final aim is that this methodology becomes a useful tool that students can apply in their future business and management professional career since the students not only learn how firms and consumers make their decisions but also they understand the aggregate economic phenomena in which firms operate.



The contents of Introductory economics are continued in the courses of Microeconomics (6 ECTS, first year, second term), International Economics (6 ECTS, second year, second term) and Macroeconomics (6 ECTS, second year, second term)

This course is divided into two main branches: a first branch of basic principles and microeconomics, and a second branch of macroeconomics. The first branch deals with basic principles of economics, markets (demand and supply), elasticity and its applications, and, finally, market efficiency and basic concepts for social welfare analysis. The second branch deals with basic macroeconomic concepts, aggregate supply (production and growth), aggregate demand (consumption, investment, public spending and foundations of the monetary system).

PREVIOUS KNOWLEDGE

Relationship to other subjects of the same degree

There are no specified enrollment restrictions with other subjects of the curriculum.

Other requirements

The prerequisites that the student needs to successfully address this subject are to have completed first and second year of secondary education in the humanities and social branch and a level of basic math (solving equations with one / two unknowns and basic partial derivatives) and a minimal familiarity with the graphical analysis and web consultation information.

OUTCOMES

1314 - Degree in International Business

- Develop the capacity to evaluate and critically analyse international economic phenomena and agents.
- Develop intercultural sensitivity and the ability to adapt to other geopolitical contexts.
- Be able to work in multidisciplinary and intercultural teams.
- Understand and reflect on socio-economic and political contexts that affect business and economic decision-making in an international environment.
- Understand the structure and functioning of companies and organisations operating in an international context.
- Develop an ethical attitude in business, respecting human rights and the environment both in the country of origin of the company and in the different markets in which it operates.
- Understand the basic concepts of economic analysis that are applicable to the operation of companies and institutions in the international context.



- Understand the behaviour of economic agents and their interaction in global markets.
- Know the basic competences and the functioning of the main international economic and cooperation institutions.
- Use the economic and financial information of the company to make decisions.
- Know how international financial markets work.
- Develop the capacity to prepare and defend reports that contribute to the decision-making of public and private agents.
- Aprender a detectar las desigualdades entre personas para diseñar, implementar y evaluar las políticas pertinentes que faciliten la eliminación de dicha discriminación en empresas e instituciones.
- Tener una visión general de los contenidos de la teoría económica, de forma que se perciba el impacto de los elementos microeconómicos y macroeconómicos en la toma de decisiones de los agentes económicos, en particular de la toma de decisiones empresariales y en la elaboración de las políticas económicas y, en general, conocer cómo funciona la economía moderna.
- Conocer el comportamiento de los agentes económicos individuales y su interacción en el mercado generando precios.
- Conocer las distintas estructuras de mercado competitivas y no competitivas.
- Poseer los conocimientos micro y macroeconómicos suficientes para analizar e interpretar la realidad nacional e internacional desde una perspectiva económica.
- Adquisición de una idea general de la distribución actual de la actividad económica internacional.
- Aprendizaje de los fundamentos de los modelos básicos que explican el comercio internacional.
- Conocimiento de los fundamentos cambiarios y financieros básicos en la actual economía internacional.
- Comprensión de los elementos diferenciadores de los problemas económicos internacionales en función del grado de desarrollo de las economías.
- Conocimiento de los aspectos básicos de las principales instituciones económicas internacionales.

LEARNING OUTCOMES

The learning outcomes for the introductory economics course are the following:

- Explaining and managing the concepts of demand and supply either at the individual (microeconomics) and aggregate (macroeconomics) level.
- Expaining market mechanisms, the fundamental role of prices and the determination of these through the interaction between supply and demand.
- Analyzing and interpreting national and international economic reality.



- Solving economic problems.
- Establishing the foundations of economic imbalances (financial and real) of an economy.

DESCRIPTION OF CONTENTS

1. Basic principles of economics

- 1.1 Economics of scarcity and the economic approach.
- 1.2 Basic principles of economics: decisions and opportunity cost; interaction between economic agents; how the economy works as a whole.
- 1.3 The economic models: the circular-flow diagram and the production possibilities frontier.
- 1.4 Microeconomics and macroeconomics.
- 1.5 Positive versus normative analysis.

2. The supply and demand

- 2.1 Markets and competition.
- 2.2 The demand curve: concept and shifts.
- 2.3 The supply curve: concept and shifts.
- 2.4 The markets equilibrium.
- 2.5 Changes in equilibrium.

3. Elasticity and its application

- 3.1 The price elasticity of demand.
- 3.2 Total revenue and the price elasticity of demand.
- 3.3 Other demand elasticities.
- 3.4 The elasticity of supply.

4. Supply, demand and government policies

- 4.1 Controls on prices.
- 4.2 Taxes on a product.
- 4.3 Elasticity and tax incidence.

5. Markets and welfare

- 5.1 Utility and demand. Costs and supply.
- 5.2 Consumer and producer surplus.
- 5.3 Market efficiency.
- 5.4 Market failure.



6. Introduction to the production function and the factor markets

- 6.1 The production function and the demand for labour.
- 6.2 The supply of labour: the trade-off between work and leisure.
- 6.3 Equilibrium in the labour market.
- 6.4 The other factors of production: land and capital.

7. Introduction to macroeconomics. Basic concepts of national accounts

- 7.1 What do we study in macroeconomics?
- 7.2 The economy's income and expenditure.
- 7.3 The measurement of gross domestic product: Real versus nominal GDP.
- 7.4 Measuring the cost of living: CPI and the GDP deflator. Inflation.
- 7.5 Measuring unemployment: labour force, employed and unemployed.

8. The determinants of long term aggregate production

- 8.1 Long term and short term production.
- 8.2 The aggregate production function.
- 8.3 Determinants of the long term aggregate production function.

9. Income and expenditure: saving, investment and the financial system.

- 9.1 Saving and investment in the national income accounts (closed economy)
- 9.2 The market for loanable funds: fiscal policy and the real interest rate.
- 9.3 Saving and investment in an open economy: real versus nominal exchange rates.
- 9.4 Equilibrium in the open economy and the real interest rate.

10. Money and prices in the long term

- 10.1 The meaning of money, functions and kinds of money.
- 10.2 The monetary supply: the role of central banks and commercial banks.
- 10.3 Monetary equilibrium: money supply and money demand.
- 10.4 The classical dichotomy and monetary neutrality.
- 10.5 Velocity of money and the quantity equation.

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of individual work	10,00	0
Study and independent work	40,00	0
Preparation of evaluation activities	10,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	15,00	0
TOTAL	150,00	

TEACHING METHODOLOGY

The methodology to teach the subject of Introductory Economics, both in the lectures and practical classes, is pointing to combine the capacity of individual work to teamwork. More precisely, the methodology used can be described as follows:

- For lectures, the students will prepare in advance the basic readings and the main questions that arise in these readings. The lecturer will combine his explanations with the active participation of students (questions that the teacher and / or its partners can answer, resolution of brief questions raised by the lecturer, group discussion of the issues that have attracted the most interest.) It is intended that students develop both their capacity to autonomous work (work prior to class), and their ability to work together, argue and defend ideas (group discussions) and their ability to communicate orally and in writing (considering their doubts on the subject in public and / or solving the issues the lecturer may have presented to them).

- For practical classes, students will prepare in advance a set of exercises and case studies to work in the classroom. It is intended that students develop their ability to organize forms of both individual and group work, problem solving, oral and written communication, coordination of activities and find information on reliable sources.

The tasks to be completed by the students, individually and in teams, can be handed in to the lecturer and assessed.



EVALUATION

The course Introductory Economics will be assessed by considering, in that order of importance, the following aspects:

- 1 .- A written exam consisting of theoretical questions and problems.
- 2 .- The evaluation of the practical activities developed by the student during the course, from questionnaires , work / reports and / or oral presentations.
- 3 .- Continuous assessment of students, based on participation and involvement of the student in the teaching / learning process.

In the course of Introductory Economics total assessment is broken down as follows: 30% of the overall mark is the evaluation of the various activities carried out throughout the course and active student participation, which is non-recoverable by any means; and 70% of overall mark is for the final synthesis test.

The final synthesis test is compulsory and to pass it is a prerequisite to pass the course. The subject will be considered approved if the student gets 5 out of 10, for what may combine continuous assessment and the final synthesis test. If the student chooses not to perform the tasks of continuous assessment, he/she can only get the points in the final test (7 maximum), and needs to obtain a 5 out of 7 in the examination in order to pass the course.

The student's final mark is obtained by adding the continuous assessment mark and the final examination mark (as long as this final examination is passed). If final examination is failed, the final mark will in the official lists will be that obtained in the final exam on a 1 to 10 scale.

The continuous assessment is NOT recoverable (cannot be made up out of the semester), but the grade will be saved for the 2nd call in case the exam is failed on 1st call.

The link to the official rules for Evaluation and Assessment can be consulted here:

https://www.uv.es/graus/normatives/2017_108_Reglament_avaluacio_qualificacio.pdf

REFERENCES

Basic

- Economía, M.G. Mankiw and M.P Taylor, 3ª o 4ª Edición, Paraninfo.
- Economics, N.G.Mankiw and M.P. Taylor, 3rd, 4th, or 5th editions. Ed. Cengage Learning. (For the group with teaching in English)



Additional

- Introducción a la Economía. Microeconomía, P. Krugman y R. Wells, 2006, Ed. Reverté
- Economics, P. Krugman and R. Wells, 2008, Second Edition, Worth Publishers (for the group with teaching in English)
- The Economy : Economics for a Changing World. The CORE Team. Oxford. <https://www.core-econ.org>