



## COURSE DATA

### Data Subject

<b>Code</b>	35202
<b>Name</b>	Political Economy
<b>Cycle</b>	Grade
<b>ECTS Credits</b>	6.0
<b>Academic year</b>	2023 - 2024

### Study (s)

<b>Degree</b>	<b>Center</b>	<b>Acad. year</b>	<b>Period</b>
1303 - Degree in Law	Faculty of Law	1	First term
1922 - Double Degree Prog. Law-Political Science	Faculty of Law	1	Second term
1923 - Double Degree Programme Law-Criminology	Faculty of Law	1	First term
1930 - Double Degree Programme in Law and Political and Public Admin. Sciences	Faculty of Law	1	Second term

### Subject-matter

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1303 - Degree in Law	5 - Political economics	Basic Training
1922 - Double Degree Prog. Law-Political Science	1 - Year 1 compulsory subjects	Obligatory
1923 - Double Degree Programme Law-Criminology	2 - Core subjects	Optional
1930 - Double Degree Programme in Law and Political and Public Admin. Sciences	1 - Asignaturas obligatorias de primer curso	Obligatory

### Coordination

<b>Name</b>	<b>Department</b>
JAIME PASTOR, VICENTE	110 - Applied Economics
PUCHADES NAVARRO, MIGUEL	110 - Applied Economics



## SUMMARY

Political Economy is basic subjects in the Law Degree curriculum. Basically consist in an introduction to economics and is taught in the first semester of the first year.

This course aims to introduce students to the basic economic concepts and to the economic way of thinking. Students will learn the foundations of economics as a social science and the basic functioning of the market system as a mechanism determining the allocation of scarce resources. The subject addresses to explain the economic agents' behaviour, but also the mechanisms of collective decision-making through the political process, as well as the analysis of the economic effects of governments' regulatory policies.

The course content is divided into four parts.

The first one is devoted to the basics and conceptual framework of the economic science, introducing students to the methodological foundations of economics. It addresses the definition of economics, key concepts such as scarcity, opportunity cost, specialization and exchange and how economic systems work and determine social organization for goods production and income distribution.

The second part, under the heading "Microeconomics", develops how market system works, coordinates individuals' decisions and allocates scarce resources. Different chapters analyse consumers and producers' behaviour; the operation of price system; the different market structures and their outcomes and efficiency; how to deal with market failures; the allocative role of public sector and the collective decision making mechanisms.

Third part, "Macroeconomics", focuses on the economy at national level, introducing some significant aggregate variables, measures of economic growth, employment, prices and international trade. The analytical framework introduces basic models explaining the fluctuations on economic activity and unemployment, the working of financial system, the relationship between monetary aggregates and economic activity and the theoretical foundations of macroeconomic policies. There is also a chapter devoted to the basics and causes of economic growth and the long run economic perspective

The last part deals with the so called "Economic Analysis of Law". The economic way of thinking has been usefully applied to modelize human behaviour in the most diverse non- economic areas. The assumptions of rationality and market equilibrium are worth to explain individuals' response to the incentives generated by the legal standards, in the same way as market agents respond to incentives that price system conveys.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

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



### Other requirements

No prerequisites

## COMPETENCES (RD 1393/2007) // LEARNING OUTCOMES (RD 822/2021)

### LEARNING OUTCOMES (RD 1393/2007) // NO CONTENT (RD 822/2021)

a) Knowledge and understanding about:

- basic economic concepts
- foundations of economic methodology
- market equilibrium and price system
- economic decision-making of consumers, firms, institutions and governments
- market structures and their economic performance
- international trade basics
- market failures and the role of government in the economy
- measuring national economy, labour market and prices level
- business cycle and economic policies
- money and financial system
- foundations of the Economic Analysis of Law

b) Skills to:

- investigate and engage in effective analysis, synthesis and evaluation of economic information from a variety of sources
- communicate economic information, ideas and issues in appropriate forms identify contemporary economic problems and issues facing individuals, firms and governments
- identify fluctuations in the global and European economies
- discuss appropriate policies to solve economic problems and issues

## DESCRIPTION OF CONTENTS

### 1. INTRODUCTION TO POLITICAL ECONOMY AND ECONOMIC SYSTEMS

1. Defining Economics
2. The Field of Economic Science
3. Basic economic problems
4. The Production Possibilities Frontier
5. Economic Systems



## 2. BASIC PRICE THEORY AND MARKET EQUILIBRIUM

1. Market and resources allocation
2. Demand
3. Supply
4. Demand, Supply and Market Equilibrium
5. Predicting changes in Price and Quantity
6. Consumer and Producer Surplus

## 3. PRICE THEORY APPLICATIONS

1. Elasticity: A Measure of Response
2. The Price Elasticity of Demand
3. Responsiveness of Demand to Other Factors
4. Price Elasticity of Supply
5. Government Intervention in Market Prices: Price Controls, Taxes and Subsidies
6. International trade: Basic concepts

## 4. ANALYSIS OF CONSUMERS CHOICE

1. The Concept of Utility
2. Utility and the Consumers Choice
3. Ordinal Representation of Consumers Preferences
4. The Budget Constraint
5. Indifference Curves, Budget Line and Consumer Equilibrium

## 5. FIRMS AND THE ORGANIZATION OF PRODUCTION

1. The Firms and Its Economic Problem
2. Information and Organization
3. Investment Decisions in the Firm
4. Accounting Basics: Balance Sheet and Income Statement

## 6. PRODUCTION AND COSTS

1. The production function
2. Production Choices in the Short Run
3. The Law of Diminishing Marginal Returns
4. Production Choices in the Long Run
5. Cost in the Short Run
6. Costs in the Long Run



## 7. PERFECT COMPETITION MARKET

1. Maximizing profits conditions
2. Perfect Competition Market Type
3. Firm's Equilibrium in the Short Run
4. Firms' Supply and Market Supply Curves
5. Perfect Competition in the Long Run
6. Efficiency in Perfect Competition Markets

## 8. MONOPOLY AND IMPERFECT COMPETITION

1. The Nature of Monopoly
2. The Monopoly Model
3. Monopolistic Competition and Product Differentiation
4. Oligopoly: Competition Among Few
5. No Price Competition
6. Market Structure and Market Power
7. Antitrust Law and Competition Policy

## 9. MARKET FAILURES, GOVERNMENT INTERVENTION AND PUBLIC CHOICE

1. The Role of Government in a Market Economy
2. Market Failures: Public Goods and Externalities
3. Allocative Efficiency Supplying Public Goods
4. Economic Stability and Income Redistribution
5. Taxation, Efficiency and Fairness
6. Choices in the Public Sector
7. The Public Choice Perspective
8. Public Sector Failures

## 10. MEASURING ECONOMIC AGGREGATES

1. Measuring Total Output
2. Nominal and Real GDP. The Uses and Limitations of Real GDP
3. Aggregate Expenditure Components
4. National Accounting
5. Measuring Employment and Unemployment
6. Measuring Price Level: Inflation and Deflation
7. Balance of Payments



## 11. THE AGGREGATE DEMAND AND SUPPLY MODEL AND THE BUSINESS CYCLE

1. The Aggregate Demand and Aggregate Supply Model
2. The Macroeconomic Equilibrium
3. Real GDP and Business Cycle
4. Fiscal Policy: Purpouses and Instruments
5. The Keynesian Model and the Multiplier
6. Public Budget and Economic Stabilization
7. Issues in Fiscal Policy

## 12. MONEY, PRICES AND ECONOMIC ACTIVITY

1. Money: Concept and Functions
2. Money and the Financial Institutions
3. The European Central Bank and the Eurosystem
4. Monetary Policy: Purpose and Instruments
5. The Monetary Policy Strategy of the ECB

## 13. THE ECONOMY IN THE LONG RUN: ECONOMIC GROWTH

1. Economic Trend in Economic Systems
2. Key elements of Economic Development
3. Economic Policy and Economic Growth
4. Economic Growth and International Trade

## 14. ECONOMIC ANALYSIS OF LAW

1. The Economic Approach to Human Behaviour
2. Methodological assumptions of the economic analysis of law
3. Rationality, Incentives and Human Behaviour.
4. Economic Analysis of Public Regulation
5. Property Rights, Liability Rules and Regulation
6. Efficiency Evaluation of Legal Rules and Institutions



## WORKLOAD

ACTIVITY	Hours	% To be attended
Theoretical and practical classes	60,00	100
Attendance at events and external activities	0,00	0
Development of group work	5,00	0
Development of individual work	10,00	0
Study and independent work	20,00	0
Readings supplementary material	5,00	0
Preparation of evaluation activities	15,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	15,00	0
Resolution of case studies	5,00	0
<b>TOTAL</b>	<b>150,00</b>	

## TEACHING METHODOLOGY

The teaching-learning methodology includes classroom activities, assigned individual and group tasks and autonomous study.

Lectures will be directed to present the basic contents and to highlight the most relevant aspects of the subjects. Classroom lectures will not cover everything of subject's contents although the whole content will be demandable in the final exam. Students should complement classroom attendance with directed activities and autonomous study at home. Case studies, problems solving, group discussions and students' presentations will complement topics and encourage students' participation and interaction in the learning process.

Besides recommended bibliography, additional learning materials will be provided during the course,

## EVALUATION

The evaluation and control of learning will cover the whole contents of the subject.

The assessment of students' learning in this subject will include two elements: On the one hand, a written final exam at the end of the term, assessing the level of achievement of learning on subject-specific competencies regarding content and application; and on the other, a continuous evaluation of the activities developed by the students during the course.

The final exam worths 70 % of the final grade. The final exam could include both multiple choice and essay questions. In order to pass the subject, **an exam mark of 5 out of 10 or more will be required**. The type of the exam could be modified when, for any of the reasons provided for in the regulations, the responsible professor was forced to take the test on a different date from the official one. In such a case, the new exam modality will have to maintain the same level of difficulty as the one carried



out in general for the rest of the group.

Continuous evaluation will account for 30 % of the final grade and aims to develop students' skills and stimulate the daily work and involvement in the teaching-learning process. The assessable activities will mainly consist of exercises and short written essays that will be scheduled in "Aula Virtual" throughout the course. Additionally, attendance and participation in classes and seminars will be evaluated. The assessment of this part of continuous evaluation may require participation in a minimum of the programmed activities. Continuous valuation give rise to a single qualification in the course, which will not be recoverable. That means the qualification of with which the student accesses the First Examination Call is the one that will be maintained in case he/she accesses the Second Call.

The final grade will be the weighted sum of the evaluation of the written exam and the continuous evaluation. Students who have followed the continuous assessment and have been assessed for it, in the event of not taking the final exam on the official exam date (both in the 1st and 2nd call) will obtain the qualification of NO GRADE REPORTED

Those students that have not participated regularly in the continuous assessment will be evaluated by the result of the final exam. In such a case, the maximum final grade they can obtain will be 7 points out of 10.

## REFERENCES

### Basic

- BLANCO, J.M.: Economía. Teoría y práctica (6ª ed.). Ed. McGraw-Hill, Madrid 2014.
- KRUGMAN, P., WELLS, R., GRADY, K.: Fundamentos de Economía (3ª ed.), Ed. Reverté, Barcelona. 2015.
- MANKIW, N. G, TAYLOR, M.P.: Economía, Ed. Paraninfo, Madrid 2017
- MOCHÓN, F.: Economía: teoría y política (6ª ed.), Ed. McGraw-Hill, Madrid 2009.
- PARKIN, M.: Economía (12ª ed.), Pearson, Madrid 2018.
- PUCHADES, M., MONTORO, J.D.: Fonaments de economia política. Una introducció per a no economistes, Servei de Publicacions de la Universitat de València, Valencia 2005.
- SHAVELL, S.: Fundamentos del análisis económico del derecho, Ed. Ramón Areces, Madrid 2016.

### Additional

- ALBI, E., GONZÁLEZ-PÁRAMO, J.M.: Economía pública I (4ª ed.), Ed. Ariel, Barcelona 2017
- BLANCHARD, O.: Macroeconomía (7ª ed.), Pearson, Madrid 2017.
- DORNBUSCH, R., FISCHER S., STARTZ, R.: Macroeconomía (12ª ed.), McGraw-Hill, Madrid 2015
- KRUGMAN, P., WELLS, R.: Macroeconomía (3ª ed.), Ed Reverté, Barcelona. 2016.



- KRUGMAN, P., WELLS, R.: *Microeconomía* (2ª ed.), Ed. Reverté, Barcelona 2013.
- POSNER, R.: *El análisis económico del Derecho*, Fondo de Cultura Económica, México 2013.
- QUEROL ARAGON, N.: *Análisis Económico del Derecho: Teoría y Aplicaciones*, Ed. FIEC, Madrid 2007.

