

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

<b>Code</b>	36103
<b>Name</b>	Introduction economics I
<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. Period year</b>
1316 - Degree in Economics	Faculty of Economics	1 First term

**Subject-matter**

<b>Degree</b>	<b>Subject-matter</b>	<b>Character</b>
1316 - Degree in Economics	3 - Economics	Basic Training

**Coordination**

<b>Name</b>	<b>Department</b>
LAZARO PARDO, NIEVES	10 - Economic Analysis

**SUMMARY**

This subject is a basic training (FB) of the subject Economics, which includes, as basic training, in addition to the subject Introduction to Economics I, taught in the 1st semester of the 1st year, the subject Introduction to Economics II, taught in the 2nd semester of the same year.

The course load of Introduction to Economics I is 6 ECTS credits and aims to introduce the fundamentals of economic analysis, providing a first contact with the principles of microeconomics and allowing the student to know the basis of decision making by companies and consumers, the types of markets and their functioning, as well as the effects of public intervention in them.

The subject Introduction to Economics I is also directly related to the subjects of the subject Microeconomics: Microeconomics I (Compulsory, 6 ECTS) 2nd year, 1st semester; Game Theory and Strategic Behavior (Compulsory, 6 ECTS) 2nd year, 1st semester; Microeconomics II (Compulsory, 6 ECTS) 2nd year, 2nd semester; Microeconomics, markets and contracts (Elective, 6 ECTS) 4th year; Industrial organization (Elective, 6 ECTS) 4th year; Environmental economics (Elective, 6 ECTS) 4th year; and Labor economics (Elective, 6 ECTS) 4th year. At the end of the course the student should be able to discuss economic phenomena by applying the knowledge acquired."



## 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 minimal: a level of basic maths (solving equations with one / two unknowns and basic partial derivatives); familiarity with the graphical analysis; and web information looking up.

## OUTCOMES

### 1316 - Degree in Economics

- Show critical thinking skills.
- Have decision-making skills and be able to apply knowledge to practice.
- Be able to learn autonomously.
- Be able to use English in a professional environment.
- Apply the principles of economic analysis (rational decision) to the diagnosis and resolution of problems.
- Understand and apply the scientific method, which involves formulating hypotheses, deducing verifiable results and contrasting them with empirical and experimental evidence.
- Understand the keys to the functioning of market economy, the difference between normative and positive reasoning and between the concepts of equity and efficiency.
- Know and understand the main market failures (public goods and externalities), their private and public solutions and their influence on the environment and natural resources.
- Know and understand the functioning of labour markets and the determinants of unemployment and wages.

## LEARNING OUTCOMES

The learning outcomes for the *Introductory Economics I* course are the following:

- To understand and manage the concepts of introductory microeconomics in order to analyze the real world from an economic perspective.
- To obtain analytical skills and economic reasoning to set and understand economic problems.
- To understand how prices work in a modern economy and how the different markets determine the prices.



- To evaluate critically the importance of the different economic problems, as well as to value the policies designed to deal with them and the consequences of these policies for society.
- Being able of using bibliography, to get and understand it on the basis of the theoretic acquired knowledge.
- To understand the fundamentals of economic institutions in international environment context.
- To understand and have the capacity of analyzing nowadays issues individually and in teams.

## DESCRIPTION OF CONTENTS

### 1. Basic principles of economics.

- 1.1 Economics of scarcity and the economic approach.
- 1.2 Basic principles of economics.
- 1.3 Economic models: the circular-flow diagram and the production possibilities frontier.
- 1.4 Microeconomics and macroeconomics.
- 1.5 Positive versus normative analysis.

Basic Bibliography: Economics. Mankiw and Taylor, 5th edition, Ch.1, 2 (pp. 1-32) and 17 (pp. 367-400).

### 2. Supply and Demand.

- 2.1 Markets and competition: different markets.
- 2.2 The demand curve: concept, and shifts in the demand curve vs. movements along the demand curve.
- 2.3 The supply curve: concept, and shifts in the supply curve vs. movements along the supply curve.
- 2.4 Supply and demand together: the markets equilibrium.
- 2.5 Changes in equilibrium.

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.3 (pp. 33-52).

### 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.

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.3 (pp. 53-73) and 4 (pp.74-104).



#### **4. Supply, demand and government policies.**

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

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.7 (pp. 159-188).

#### **5. Markets and welfare.**

- 5.1 Consumer and producer surplus.
- 5.2 Market efficiency.
- 5.3 Deadweight loss of taxation and control prices

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.6 (pp. 141-158).

#### **6. The economics of the public sector.**

- 6.1 Positive and negative externalities.
- 6.2 Public goods and common resources.
- 6.3 Trade-off between efficiency and equity.

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.8 and 9 (pp. 189-230).

#### **7. Production and costs (short term).**

- 7.1 Costs considered as opportunity costs.
- 7.2 The production function: returns to scale.
- 7.3 From the production function to the total cost curve.
- 7.4 Short term costs curves.

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.5 (pp. 105-122) and 10 (pp-231-241).

#### **8. Competitive markets and the behaviour of the firm.**

- 8.1 The meaning of competition.
- 8.2 Profit maximization and the supply curve competitive firm.
- 8.3 The supply curve in a competitive market.
- 8.4 Labour market: the competitive firm labour demand.

Basic Bibliography: Economics. Mankiw & Taylor, 5th edition, Ch.5 (pp. 123-140) and 15 (pp. 315-324).

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Study and independent work	50,00	0
Preparation of evaluation activities	10,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	15,00	0
<b>TOTAL</b>	<b>150,00</b>	

**TEACHING METHODOLOGY**

The methodology used, both in the theoretical and practical classes, can be described as follows:

- For the theoretical classes the students will prepare in advance the basic bibliography that serves as a basis for the theoretical explanation. The teacher will explain the main contents of the subject and will solve any doubts that the students may raise and that have arisen during their previous work or during the development of the class. The teacher may combine his/her explanations with the active participation of the students. It is intended that students develop both their capacity for autonomous work (with the work prior to the class) and their oral and written communication skills (raising in public their doubts about the subject and / or solving the questions that are raised).

- For the practical classes the students will previously prepare a set of exercises to be worked on in the classroom. Each student individually will have to prepare them and, later, in class they will be explained and solved, solving any doubt that the previous study could have raised. At the end of each of the topics, the teacher may request some additional exercises to be delivered on a date established by him/her.

**EVALUATION**

The total grade is broken down as follows:

- 70% of the overall grade corresponds to a final synthesis test, which will consist of theoretical and practical questions.





- 30% of the overall grade corresponds to the continuous evaluation of the student based on the activities developed by him/her during the course and his/her participation and involvement in the teaching-learning process.

The final synthesis test is compulsory and passing it is an essential condition to pass the course. In case of not passing the final synthesis test, the grade in the official transcript will be obtained from the score obtained in the continuous evaluation and in the final synthesis test without, in any case, exceeding 4.5 (failure).

In order to pass the course the minimum grade in the global computation must be 5 points out of 10. In case of not doing the continuous evaluation tasks, the student will only be able to obtain the points of the final test (7 points maximum) and will need to obtain a 5 out of 7 in this test in order to pass the course in the first call.

In the first call the continuous evaluation will not be recoverable. In the second call it will be possible to recover up to 2/3 of the continuous evaluation, that is to say, up to 2 of the 3 points (out of 10) that the continuous evaluation has.

## REFERENCES

### Basic

- Economía. N.G. Mankiw y M.P. Taylor, 2017, 3ª edición. Ed. Paraninfo.
- Economics. N.G. Mankiw & M.P. Taylor, 2020, 5th edition, Cengage Learning.

### Additional

- Economics. Samuelson & Nordhaus, 2014, 19ª ed. (International edition). Ed. McGraw Hill.
- Principles of Economics. Bernanke, Frank, Antonovics and Heffetz 2021, 8ª ed. Ed. McGraw Hill.
- Essentials of Economics. 12th ed. Schiller, B. and Gebhardt, K. 2022, Mc Graw-Hill.
- Introduction to Positive Economics. Lipsey, R. G. & Chrystal, 8th ed. 2004, Oxford University Press.
- Essentials of Economics. Krugman-Wells-Graddy, 2013, 3rd ed. Ed. Reverté Economía.
- The CORE Project Economics, freely available at:  
<https://core-econ.org/the-economy/book/text/0-3-contents.html>