

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

<b>Code</b>	36104
<b>Name</b>	Introduction economics II
<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>
1316 - Degree in Economics	Faculty of Economics	1	Second 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>
CRUZ GARCIA, PAULA	10 - Economic Analysis

**SUMMARY**

This course is covered at a basic level and is part of the subject *Economics* that, in addition to *Introduction to Economics (II)* taught in the second term of the first year, includes the subject *Introduction to Economics (I)* taught in the first term. The teaching load of this course is 6 ECTS credits.

The course *Introduction to Economics (II)* is directly related to the subjects of the module Macroeconomics: *Macroeconomics I* (Compulsory, 6 ECTS) 2nd year, 1st term; *Macroeconomics II* (Compulsory, 6 ECTS) 2nd year, 2nd term; *Dynamic macroeconomics* (Compulsory, 6 ECTS) 3rd year, 1st term; *International Macroeconomics* (Optional, 6 ECTS) 4th year; *Monetary and banking economics* (Optional, 6 ECTS) 4th year. It is also closely related to the subjects of the module *Microeconomics*.

This course aims to introduce the students to the principles of economic analysis, providing an introduction to the macroeconomic knowledge necessary to analyse and interpret the national and international reality from an economic perspective. This will enable the student to understand the set of interactions that take place between the different agents of an economic system, analyse current issues and their relevance and understand the effects of public intervention on economic reality.



The basic contents are the following:

Basic macroeconomic concepts.

Aggregate supply: production and growth.

Aggregate demand: consumption, investment, public expenditure and net exports.

The monetary system.

As a general objective, the student will learn and understand the key areas related to the functioning of the market economy and of the economy at aggregate level as well as the effect that the different economic policies can have on the market. The student will learn the determinants of long-term sustainable growth of an economy and the effects of stabilization policies.

It aims to familiarize students with the economist's 'way of thinking' about reality, using the terminology and methodology of economic analysis.

## PREVIOUS KNOWLEDGE

### Relationship to other subjects of the same degree

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

### Other requirements

Previous knowledge corresponding to first and second year of baccalaureate in the humanities and social sciences branch is assumed. In particular, to successfully tackle this subject, the student should ideally have a basic level of mathematics (solve equations with one/two unknowns and basic partial derivatives) as well as a minimum familiarization with graphic analysis and with online information analysis.

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

### 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 functioning of the economy at the aggregate level and the effect of different economic policies.
- Know and understand the determinants of the long-term sustainable growth of an economy.
- Understand the possible causes of economic cycles and the effects of stabilisation policies.
- Have appropriate knowledge of the determinants of aggregate consumption, savings and investment.
- Know and understand the nature of international trade and of the financial framework in which it takes place.
- Know and understand the functioning of labour markets and the determinants of unemployment and wages.
- Know the economic measures to reduce income inequality and poverty.
- Know the basic concepts of financial analysis and the operation of financial markets.

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

The expected learning outcomes on completing the subject *Introduction to Economics (II)* are the following:

- Possess the initial macroeconomic knowledge to analyse and interpret the national and international reality from an economic perspective.
- Use analytical reasoning to raise economic problems and solve them.
- Critically evaluate the magnitude and importance of the different economic problems as well as the advantages and disadvantages derived from the possible policies designed to solve them, and their impact on society.
- Be able to collate a bibliography, structure it and interpret it based on theoretical knowledge.
- Understand and analyse current issues and their relevance, individually and as part of a group.

## **DESCRIPTION OF CONTENTS**

### **1. Measuring the Economy: Output**

- 1.1. Macroeconomics versus Microeconomics
- 1.2. Gross Domestic Product (GDP)
- 1.3. Nominal and Real GDP
- 1.4. Output, Expenditure and Income approaches to measure GDP
- 1.5. Why do we measure GDP?



## **2. Measuring the Economy: Prices, employment and unemployment**

- 2.1. The Consumer Price Index
- 2.2. The inflation rate
- 2.3. The GDP Deflator as a Price index
- 2.4. Correcting economic variables for the effects of Inflation
- 2.5. Labour force, employment and unemployment

## **3. Production and growth**

- 3.1. Short run, long run and very long run.
- 3.2. The aggregate production function
- 3.3. Productivity and its determinants
- 3.4. Economic growth

## **4. Savings, Investment and the financial system in the long run**

- 4.1. Savings and investment in the national accounts
- 4.2. Financial institutions
- 4.3. The market for loanable funds
- 4.4. Nominal versus real interest rate

## **5. Money and prices in the long run**

- 5.1. The meaning of money
- 5.2. The role of Central Bank
- 5.3. Banks and money supply
- 5.4. Money and inflation
- 5.5. The costs of inflation.

## **6. Open Economies in the long run**

- 6.1. The international flows of goods and capital
- 6.2. Nominal and real exchange rate
- 6.3. Open economy equilibrium
- 6.4. The effects of Policies in an open economy
- 6.5. The theory of Purchasing Power Parity

**7. Short run economic fluctuations: Aggregate Supply and Aggregate Demand**

- 7.1. Facts about economic fluctuations
- 7.2. The Aggregate Demand Curve
- 7.3. The Aggregate Supply curve
- 7.4. The causes of economic fluctuations

**8. Fiscal and Monetary Policy in the short run**

- 8.1. Monetary Policy
- 8.2. Fiscal Policy
- 8.3. Using policy to Stabilize the economy

**WORKLOAD**

ACTIVITY	Hours	% To be attended
Theory classes	30,00	100
Classroom practices	30,00	100
Development of group work	5,00	0
Study and independent work	52,00	0
Preparing lectures	15,00	0
Preparation of practical classes and problem	15,00	0
<b>TOTAL</b>	<b>147,00</b>	

**TEACHING METHODOLOGY**

The methodology for teaching the subject of Introduction to Economics (II), both in theoretical and practical classes, is aimed at combining the ability of individual work with teamwork. More precisely, the methodology to be used can be described as follows:

- For the theoretical classes, students will prepare in advance the core readings that serve as the basis for the theoretical explanation as well as the main questions that arise in these readings. The teacher will combine his explanations with the active participation of the students (questions raised answered by the teacher and/or other students, resolution of brief questions raised by the teacher, group discussion of the aspects that have aroused the greatest interest). The intention is for the student to develop an ability to work independently (with work prior to class) as well as an ability to work as a team, to argue and defend ideas (group discussions) and to communicate orally and in writing (raising their doubts about the subject in public and/or resolving in writing the questions that are raised).
- For the practical classes, the students will prepare a set of exercises and practical cases that will be worked on in the classroom. Each student must individually prepare these tasks and, in addition, students (individually or in groups) will be asked to solve and present some of these tasks to the rest of the group. Completion of the tasks will include the search for information on websites of recognized institutions and in newspaper publications. The aim is for students to develop their ability in problem solving, organising





group work, oral and written communication, coordination of activities and searching for information from reliable sources.

- The proposed tasks, both individual and joint, may lead to "hand-ins" that will be evaluated by the teacher.

## EVALUATION

The subject of Introduction to Economics (II) will be evaluated based on consideration of the following aspects, in this order of relevance:

- Written exam taken at the end of the course that consists of theoretical and practical questions.
- Evaluation of the practical activities developed by the student during the course, from the preparation of papers, oral presentations and problem solving.
- Assessment of the participation and involvement in the teaching-learning process

In the subject of Introduction to Economics (II) the total evaluation is broken down as follows: 30% of the overall mark corresponds to the continuous assessment of the different activities developed throughout the course and the active participation of the student and 70% of the overall mark corresponds to the final summary test. The continuous assessment activities are not recoverable.

The final summary test is compulsory and must be passed (obtaining 3.5 of the 7 points of the final summary test) in order to pass the subject. The subject will be considered passed if the student obtains 5 points out of 10, for which he/she can combine continuous assessment and the final summary test. In the event of opting not to complete the tasks related to continuous assessment the student can only use the points from the final test (7 at most), and would need to get a 5 out of 7 in that exam to pass the subject.

In the event of not passing the final test, the mark will be calculated from the marks obtained from continuous assessment and the final summary test, without exceeding 4.5.

## REFERENCES

### Basic

- N.Gregory Mankiw y Mark P. Taylor (2017): Economía, 3ª edición. Editorial Paraninfo

### Additional

- Macroeconomía, Mankiw, N.G, 2020, 10ª edición, Ed. Antoni Bosch.
- Principios de Economía, Bernanke y Frank, 2007, 3ª edición. Ed. McGraw Hill
- Macroeconomia, O.Blanchard, A.Amighini y F. Giavazzi, 2012, 5ª edición, Ed. Pearson



- Economía: Teoría y Práctica, Blanco, J.M., 2014, 6ª edición, McGraw Hill
- Principios de Economía, Mankiw, 2018, 7ª edición. Ed. Cengage Learning
- <https://core-econ.org/the-economy/book/text/0-3-contents.html>

