Syllabus "Introduction to Economics"			
Code: 102341 ECTS: 6			
Degree	Year	Semester	
Bachelor in Business Administration	1	1	
Contact	Language		

English

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### Prerequisites

To make a good track of this course it is recommended that students have a minimum knowledge of basic mathematics (functions in one variable and its representation, differentiation, and systems of equations). The previous mathematical tools will prove very convenient in order to resolve problem sets and other related exercises.

#### Objectives

The course introduces the basic concepts and methodology that we use in modern economic analysis. These tools will help us to begin the study of a wide range of phenomena which are interesting from the standpoint of economics. The course material is structured in a first part of Microeconomics and in a second part of Macroeconomics. The Microeconomics part introduces key concepts such as "opportunity cost", "efficiency", "market" and "production function", and studies various aspects of decision making by firms and their behavior in different market arrangements. The Macroeconomics part presents some basic concepts related to the National Accounting, and various economic aggregates. It also introduces the temporal dimension in decision making, and studies the predictions of some simple models with respect to economic activity at the aggregate level. The course also introduces some policy instruments, such as taxes and subsidies, and discusses basic aspects regarding fiscal policy and monetary policy. The ultimate goal of course is, therefore, to offer a broad perspective of economic issues and methods to successfully face the prospect of economic studies. Specifically, the objectives that are intended to be achieved are:

- Introduction of basics concepts of microeconomics.

- Understand the concepts of market, law of supply and demand, classification of goods, and various forms of elasticity.

- Taxation and its effects. Loss of efficiency (deadweight loss).

- Different types of markets depending on the degree of competition.
- Main aggregate economic magnitudes.
- Savings and investment decisions.
- -Consumption, investment and saving decisions.
- -The short-run trade off between inflation and unemployment.

- Brief introduction to monetary policy and fiscal policy.

# Competences

*Code:* 1979: E03 *Type:* E *Competence:* To identify the forces that govern supply and demand.

*Code:*1979: E25 *Type:* E *Competence:* To identify the economic agents that make up an economy, understanding how they relate to each other over time, and predict future behaviors based on new circumstances and its influence on specific firms/markets.

*Code:* 1979: E39 *Type:* E

*Competence:* Apply mathematical tools to synthesize economic situations and complex business.

Code:1979: T01

Type: T

*Competence:* Ability to communicate orally and in writing in Catalan, Spanish and English, allows synthesizing and presenting orally and in writing the job done.

#### Learning outcome

Code: 1979: E03

*Type:* E

Outcome of learning:

-1979: E03.01. Discuss the gains of trade and exchange.

-1979: E03.02. Describe the conditions for full employment in the labor market.

-1979: E03.03. Calculate macroeconomic equilibrium in the short term.

Code:1979: E25

*Type:* E

Outcome of learning:

-1979: E25.01 - Distinguish between the effects equilibrium in different regimes depending on the degree of competition.

-1979: E25.02 - Explain the role of Government and fiscal policy.

-1979: E25.03 - Identify the elements establishing the technology and costs.

Code: 1979: E39

Type: E.

Outcome of learning:

-1979: E39.04 - Analyze factors growth of an economy.

-1979: E39.05 - Justify the use of aggregate economic indicators.

-1979: E39.06 - Describe and measure the components of income in an economy.

Code:1979: T01

Type: T

Outcome of learning:

-1979: T01.00 - Communication skills oral and written in Catalan, Spanish and English synthesize and present that allows orally and in writing the job done.

-1979: T02.00 - Select and generate the necessary information for each problem, analyze it and make decisions based on this information.

-1979: T04.00 – To organize the work to be done in order to achieve an efficient use of time and to improve management and planning.

-1979: T06.00 – To work in teams and to be able to discuss our own proposals, as well as to validate or reject competing arguments.

-1979: T12.00 - Demonstrate a motivation for the quality of work done and a sensitivity its consequences on the environment and society.

## Contents

### **Theme 1: Introduction**

Objective: Learn that economics is about the allocation of scarce resources. Examine some of the tradeoffs that people face. Learn the meaning of opportunity cost. Discuss why markets are a good, but not perfect, way to allocate resources.

1.1. The principles of economics.

- 1.2. Thinking like an economist.
- 1.3. Several examples, paying attention to the present.
- 1.4. The opportunity cost. Efficiency.

1.5. Interdependence and the gains from international trade.

# Theme 2: The market forces of supply and demand

Objective: Examine what determines the demand and the supply for a good in a competitive market. See how

supply and demand together set the price of a good and the quantity sold. Consider the key role of prices in allocating scarce resources in a market economy. Learn the meaning of the elasticity of demand and supply.

- 2.1. Determinants of market supply and market demand.
- 2.2. Shifts in the demand and the supply curves.
- 2.3. Market equilibrium.
- 2.3. Elasticity of demand and supply.
- 2.4. Types of goods.

## Theme 3: Markets and welfare

Objective: To introduce the concepts of consumer surplus and producer surplus and their relationship with the measure of welfare. The level of welfare associated to markets and the effects of taxes.

- 3.1. Surplus (consumer and producer). Welfare measures.
- 3.2. The effect of taxes and their incidence.
- 3.3. Deadweight loss.
- 3.4. Maximum and minimum prices. A visit to the labor market.

## Theme 4: The firm: The cost of production. Types of markets.

Objective: To define the concepts of production function and to analyze the different types of costs (and cost functions). To study production decisions as a result of profit maximization. To define several market structures in terms of competition.

- 4.1 Purpose of the firm.
- 4.2. Production and technology.
- 4.3. Cost curves.
- 4.4. The firm in a competitive market. The firm shut down and exit decisions.
- 4.5. The behavior of firms according to the degree of competition in the markets.

## Theme 5: Aggregate magnitudes

Objective: To introduce fundamental economic aggregates and its measure. Consider why an economy's total income equals its total expenditure. Learn how gross domestic product (GDP) and consumer price index (CPI) are defined and calculated. Learn about how to measure unemployment.

- 5.1. Macroeconomic aggregates. Index of prices, interest rates.
- 5.2. Variables in nominal terms and in real terms.
- 5.3. Level of economic activity, wealth, per capita income, others indicators of welfare.
- 5.4. Unemployment and its natural rate.

### Theme 6: Consumption, savings and investment. The financial system

Objective: To analyze the consumption and savings decisions by households, and of investment by firms. Consider the nature of money and its functions in the economy.

- 6.1. Some important identities.
- 6.2. Relative prices and interest rates.
- 6.3. The effect of variations in interest rates on savings decisions.
- 6.4. Equilibrium in the market savings/investment..

# Theme 7: Economic policies: monetary and fiscal policy

Objective: Analyze how fiscal policy affects interest rates and aggregate demand. Introduction to monetary policy: controlling the amount of money and its effect on the price level.

- 7.1. Instruments of fiscal policy and the multiplier effect of the fiscal policy in a simple macroeconomic model.
- 7.2. Taxes and government expenditures. The Ricardian equivalence.
- 7.3. Instruments of monetary policy.
- 7.4. The monetary policy and the inflation rate.

### **Teaching Methodology**

In this course we combine lectures with ICT support, together with several applied sessions devoted to solving problem sets and lists of exercises. We will eventually propose several readings, as well as case studies using real data.

## Learning activities

Title (type activity)	Hours	ECTS	Learning outcome
Type: Directed			
Directed Lectures	30	1,2	1979: E03.01, 1979: E03.02, 1979: E03.03, 1979: E25.01, 1979: E25.02, 1979: E25.03, 1979: E39.04,1979: E39.05, 1979: E39.06, 1979: T01.00, 1979: T12.00
Directed exercises and other work	15	0,6	1979: E39.04, 1979: E39.05, 1979: E39.06, 1979: T01.00, 1979: T02.00, 1979: T04.00, 1979: T06.00, 1979: T12.00
Type: Supervised			
Supervised tutoring and monitoring work in progress	7,5	0,3	1979: E39.04, 1979: E39.05, 1979: E39.06, 1979: T02.00, 1979: T04.00, 1979: T12.00
Type: Self learning			
Autonomous Study	82.5	3,3	1979: E03.01, 1979: E03.02, 1979: E03.03, 1979: E25.01, 1979: E25.02, 1979: E25.03, 1979: T01.00, 1979: T02.00, 1979: T04.00, 1979: T06.00, 1979: T12.00
Reading texts Autonomous	7,5	0,3	1979: E03.01, 1979: E03.02, 1979: E03.03, 1979: E25.01, 1979: E25.02, 1979: E25.03, 1979: T02.00, 1979: T12.00

## Assessment criteria

There will be a continuous evaluation of the course through two midterm exams and a final exam. The weight of each of the previous components in the calculation of the final grade is as follows:

- -20% for each midterm exam
- -60% for final exam

- Midterm exams: The objective of these exams is to facilitate the learning of the material by studying relatively small quantities of material in two exams (rather than forcing the student to learn a lot of material for only one exam). In these tests it will not be allowed to consult any reference/support materials, and in each of them the maximum resolution time will be 90 minutes. You will be able to use a calculator, but under no circumstances you will be allowed to use the cellular phone.

- Final Exam: It includes all the materials of the course. The exam is designed so that students are forced to make the last effort that is required to consolidate the knowledge already acquired. The maximum resolution time is 3 hours. During the examination it will not be allowed to consult any reference/support materials. You will be able to use a calculator, but under no circumstances you will be allowed to use the cellular phone.

Hence the double assessment system aims to ensure the success in the learning process of the largest number of students. Additionally it is advisory to solve problem sets and other home-works that will be provided in advance during the developing of the course. The purpose of problem sets is to put at work the concepts and results developed during the lectures. Home works using real data can, eventually, be proposed in order to provide a more complete overview of the issues being studied.

The grade of the course is computed by applying the aforementioned weights. In case the grade is equal to or above 5, it is considered that the course requirements are satisfied and hence it cannot be the subject of a new assessment. In the case the grade is below 4, the student must re-take the course the following year. For those students who have obtained a grade that is equal to or greater than 4, but smaller than 5, there will be a re-evaluation exercise. The coordinator of the course will decide, and announce in due time, the format of the re-evaluation. The re-evaluation is scheduled in the last week of the semester. The grade of the re-evaluation will be qualitative with only two options: PASS or NO PASS. If a student gets a grade of PASS in the re-evaluation his final grade will be the one obtained before the re-evaluation.

Students not participating in any activities subject to evaluation are considered "No-show". Therefore, it is considered that a student who performs any of the continuous assessment components can no longer be eligible for a "No-show".

### Assessment activities

Títle	Weight	Hours	ECTS	Learning outcome
Controls and other exercises and assignments	40% of the final grade	4.5	0,2	1979: E03.01, 1979: E03.02, 1979: E03.03, 1979: E25.01, 1979: E25.02, 1979: E25.03, 1979: E39.04, 1979: E39.05, 1979: E39.06, 1979: T01.00, 1979: T02.00, 1979: T04.00, 1979: T06.00, 1979: T12.00
Final Exam	60% of the final grade.	3	0,1	1979: E03.01, 1979: E03.02, 1979: E03.03, 1979: E25.01, 1979: E25.02, 1979: E25.03, 1979: E39.04, 1979: E39.05, 1979: E39.06, 1979: T01.00, 1979: T02.00

## Bibliography

The reference manual for the course is:

G. Mankiw, "Principles of Economics" Ed. Mc Graw-Hill.

It is a basic manual introductory to economics which analyzes issues in both microeconomics and in macroeconomics. The text I well organized, with detailed explanations and examples and allows the reader to concentrate on the fundamental aspects of the issues at hand. Furthermore, most chapters contain case studies that demonstrate how to apply the theoretical concepts.

There are many good texts that may eventually be used to complement class notes. They will be introduced as needed.

### Web Links

- International Monetary Fund (IMF) http://www.imf.org/external/esl/index.asp

- Banco de España (BE): http://www.bde.es
- European Central Bank (ECB) http://www.ecb.int/home/html/lingua.es.html
- National Statistics Institute (INE): http://www.ine.es