

# Universidad Pablo de Olavide

## COURSE SYLLABUS

Academic year 2009/2010

<b>BASIC COURSE INFORMATION</b>		
NAME: <b>INTRODUCTION TO ECONOMICS</b> <b>(Introducción a la Economía – English group)</b>		DEGREE IN: <b>FINANCE AND ACCOUNTING</b> DOUBLE DEGREE IN: <b>FINANCE AND ACCOUNTING, AND LAW</b>
CODE: <b>502049</b>	STUDY PLAN: <b>2009</b>	
TYPE: <b>CORE</b>	TOTAL ECTS CREDITS: <b>6</b>	ORGANIZATIONAL MODEL: <b>A1</b>
DURATION: <b>SEMI-ANNUAL</b>	YEAR: <b>1<sup>st</sup></b>	TERM: <b>1<sup>st</sup></b>
<b>1. TEACHING TEAM INFORMATION</b>		
<b>COURSE COORDINATOR:</b>		
NAME: <b>GUADALUPE VALERA BLANES</b>		
DEPARTMENT: <b>ECONOMICS, QUANTITATIVE METHODS AND ECONOMIC HISTORY</b>		
ACADEMIC AREA: <b>ECONOMIC ANALYSIS</b>		
CATEGORY: <i>PROFESORA CONTRATADA DOCTORA</i>		
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WEBPAGE:		

## **SPECIFIC COURSE INFORMATION**

### **2. COURSE DESCRIPTION AND OBJETIVES**

This is an introductory course devoted not only to essential aspects of the economy but also to the methods and basic principles of economics. The purpose of this course is twofold: firstly, to provide students with an overview of economic problems and, secondly, to analyze in depth some of the most important issues of the economy from the perspective of microeconomic and macroeconomic theory.

In the first part of the semester we shall focus on the study of microeconomics which deals with the analysis of individual decisions of economic agents. Having studied and understood some basic techniques that allow us to analyze economic problems, we shall apply these techniques to some problems which are relevant to society as a whole.

During the second part of the semester we shall focus on macroeconomics, which examines the economy as a whole. We shall discuss not only issues related to growth and development but also the impact of fiscal and monetary policies on inflation, unemployment, interest rate, etc. This part of the course will also enable students to develop skills and abilities in order to analyse some macroeconomic policy proposals that various governments have put forward to solve several current economic imbalances.

### **3. ACADEMIC CONTEXT**

#### ***3.1. PRERREQUISITES:***

For many students of Finance and Accounting this course will not be the first contact with economic concepts as most of them will have studied the option of Social Sciences in secondary school. However, there will be students coming from different educational backgrounds with minimal knowledge of economics. Therefore, there is no formal requirement prior to attending the course. However, students should be familiar with using basic mathematical tools. In particular, the graphical analysis and elementary calculus with functions of one variable.

Notice that the level of mathematical knowledge that is required is equivalent to the level acquired by students during secondary school courses.

#### ***3.2. CONTEXT WITHIN THE DEGREE:***

Introduction to Economics is the first course students will take within the framework of the Economic Analysis module of the Degree in Finance and Accounting. This survey course aims to provide students with two types of knowledge. On one hand, a basic understanding of common economic problems and on the other hand, the analytical tools needed to study such problems. The economy serves as a model for logical reasoning which aids political authorities, business men and women, families, etc. in decision-making processes. The main objective is for students to become familiar with a series of analytical tools that will afford them a better understanding of economic realities.

The knowledge acquired in Introduction to Economics will be crucial for success in second and third year courses, particularly Microeconomics (second semester) and Macroeconomics (second year, first semester).

#### ***3.3. RECOMMENDATIONS:***

Students are advised to:

- Have a solid grasp of mathematics (GSE-Level or A-Level) —particularly graphics analysis, graphing functions and basic calculus.
- Familiarise themselves with economic concepts studied in the course. They are strongly encouraged to read the financial section of daily newspapers.

### **3.4. LEARNING TARGETS:**

#### **3.4.1. GENERAL SKILLS:**

The skills students should acquire through autonomous study and class attendance are as follows.

- Develop autonomous learning.
- Analyze real economic problems facing society using a multidisciplinary approach.
- Solve problems using analytical reasoning.
- Promote understanding and use of scientific method in the field of economics as a social science.
- Put the theoretical knowledge acquired into practice using the skills and techniques of economic decision-making learned in the course.

It should be noted that the Introduction to Economics course belongs to the Basic Training module in Economics and Business Administration and therefore shares some common objectives with other parts of the same module. These skills are outlined below.

- Develop sensitivity towards environmental issues.
- Know and understand the social responsibility resulting from economic activities.

#### **3.4.2. SPECIFIC SKILLS:**

- Know and apply economic basic knowledge.
- Understand the use of economic models to make predictions about the real world.
- Knowledge of economic institutions and understanding the overall functioning of the economy and the behaviour of economic agents.
- Analyze the market role in allocating resources and setting prices. Formulate microeconomic scenarios that help understand the strategic decision making process.
- Know the main macroeconomic aggregates, their limitations and usefulness.
- Understand how macroeconomic policy works, its usefulness and limitations.

## **4. DISTRIBUTION OF IN-CLASS LEARNING**

**No. OF STUDENTS:** 4

<b>GROUP TYPE</b>	<b>STUDENTS PER GROUP</b>	<b>No. OF GROUPS</b>
<b>GENERAL TEACHING (GT)</b>	4	1
<b>PRACTICAL TEACHING (PT)</b>	4	1
<b>SEMINARS (SEM)</b>	0	0

## **5. STUDENT LEARNING**

**TOTAL No. OF HOURS:** 150 (6 ECTS CREDITS)

<b>GROUP TYPE</b>	<b>HOURS PER STUDENT</b>	<b>CREDITS PER STUDENT</b>
<b>GENERAL TEACHING (GT)</b>	31.50	1.30
<b>PRACTICAL TEACHING (PT)</b>	13.50	0.50
<b>SEMINARS (SEM)</b>	-	-
<b>SELF-STUDY AND TUTORIALS</b>	95.00	3.80
<b>ASSESSMENT AND GRADING</b>	10.00	0.40
<b>TOTAL</b>	150.00	6.00

## 6. ASSESSMENT AND GRADING

The Introduction to Economics course is classified as type A1 in the design of the degree. This implies that the proportion of different educational activities is as follows: General Teaching (GT) constitute 70% of the training activities undertaken in the course. The remaining 30% consists of practical work in seminars (PT).

The assessment system will maintain consistency with the training activities undertaken in this type of subject.

General Teaching (GT), specific skills and learning tools acquired will be assessed through a final exam. This will make up 70% of the final grade for the course.

Practical Teaching (PT) will be evaluated through continuous assessment. This ongoing evaluation will include both an exam and activities designed to reinforce the specific skills acquired in lectures (GT). PT assessment makes up the remaining 30% of the final grade for the course.

Students will be able to sit two exam sessions per year to pass the course. These shall follow the same evaluation criteria. That is, the student will maintain the grade obtained in the PT activities for both exam sessions. The ongoing evaluation assessment (30% of the final grade) may not be obtained in any other way than what is described above.

### **Student mobility:**

Those UPO students who are not able to attend seminars due to being abroad under official mobility programs (Socrates-Erasmus, Séneca, Atlanticus...) will have an additional exam, or work that will be clearly defined, in order to obtain the 50% of the grade corresponding to the continuous evaluation. Students in this situation must inform the responsible lecturers at the beginning of the academic year, before the 31<sup>st</sup> of October, 2009.

## 7. CONTENTS

### **Unit 1. Introduction. Basic Principles.**

- 1.1. The economic problem.
- 1.2. Microeconomics and Macroeconomics.
- 1.3. Theories and Models. Positive analysis versus normative analysis.
- 1.4. Models in economics. Some important examples: the production possibilities frontier and the circular-flow diagram.

### **Unit 2. Supply, Demand and the Market.**

- 2.1. The supply curve. What factors determine supply?
- 2.2. The demand curve. What factor determine demand?
- 2.3. The market mechanism.
- 2.4. Defining elasticity. Elasticities of demand and supply.
- 2.5. From individual demand to market demand. What happens with the market supply?

### **Unit 3. Perfectly Competitive Markets. Efficiency and Welfare.**

- 3.1. Perfectly Competitive Markets. Other Market Structures.
- 3.2. Consumer Surplus. Changes in Consumer Surplus.
- 3.3. Producer Surplus. Changes in Producer Surplus.
- 3.4. The efficiency of competitive markets.

### **Unit 4. The Government and the market.**

- 4.1. Price Controls: floor and ceiling prices.
- 4.2. Price Supports and Production Quotas.
- 4.3. Taxes and Subsidies. The burden of taxes.

### **Unit 5. Efficiency and Equity. Market Failures.**

- 5.1. Efficiency in the Economy as a whole. Efficiency revisited. Efficiency and Equity.
- 5.2. Why markets fail.
- 5.3. Externalities.
- 5.4. Common Property Resources.
- 5.5. Public Goods. The role of the government and the median voter.

**Unit 6. Macroeconomic Variables. National Accounts.**

- 6.1. Nominal and Real Macroeconomic Variables. Flows and Stocks. Net and Gross Variables.
- 6.2. Aggregate Production. Gross Domestic Product (GDP): income and expenditure.  
The circular –flow diagram.
- 6.3. Measuring prices. The Consumer Price Index (CPI) and the GDP Deflator. Inflation Rate.
- 6.4. Main major macroeconomic variables related to the labour market.

**Unit 7. The Goods Market.**

- 7.1. The composition of GDP in a closed economy: consumption, investment and government spending.
- 7.2. The determination of equilibrium output. Multipliers. An alternative way of thinking about the Goods-Market equilibrium.
- 7.3. The role of the Government to alter the economic cycle.
- 7.4. The Goods market. Introduction to IS relation.

**Unit 8. Financial Markets I.**

- 8.1. Money, financial assets and their functions.
- 8.2. Markets institutional structure. Modern banking: the role of the Central Bank and commercial banks.

**Unit 9. Financial Markets II.**

- 9.1. Money demand and money supply.
- 9.2. The determination of the interest rate.
- 9.3. The financial markets. The money market. Introduction to the LM relation.
- 9.4. The goods market and the financial markets. The interest rate.

**8. BIBLIOGRAPHY****8.1. GENERAL READING:**

<i><b>ISBN</b></i>	<i><b>TITLE</b></i>	<i><b>PUBLISHER</b></i>	<i><b>YEAR EDITION</b></i>
8483225004	Microeconomics (7 <sup>th</sup> edition)	Pearson Prentice Hall	2009
8483222892	Macroeconomics (4 <sup>th</sup> edition)	Pearson Prentice Hall	2006

**8.2. FURTHER READING:**

<i><b>ISBN</b></i>	<i><b>TITLE</b></i>	<i><b>PUBLISHER</b></i>	<i><b>YEAR EDITION</b></i>
8429126334	Essentials of Economics (1 <sup>st</sup> edition)	Reverte	2008

## 9. TEACHING ORGANIZATION: WEEKLY COURSE SCHEDULE

WEEK	No. HOURS GT	No. HOURS PT	No. HOURS SEM	No. HOURS SELF-STUDY	No. HOURS ASSESSMENT	UNITS
1	3			6		Unit 1
2	3			6		Unit 2
3	3			6		Units 2
4	1.5	1.5		6		Units 1, 2 & 3
5	1.5	1.5		7		Units 2 & 4
6	1.5	1.5		7	1	Units 2 & 3
7	1.5	1.5		6		Units 4 & 5
8	1.5	1.5		7		Units 3 & 4
9	1.5	1.5		7	1	Unit 5
10	3			6		Unit 6
11	3			7		Unit 7
12	1.5	1.5		6	1	Unit 7
13	1.5	1.5		6		Unit 7
14	3			6		Unit 8
15	1.5	1.5		6	1	Unit 9
FINAL EXAM					3	Units 1 to 9
RESIT EXAM					3	Units 1 to 9
<b>TOTAL</b>	31.5	13.5	0	95	10	