COURSE SYLLABUS

Academic year 2010-2011

1. COURSE DESCRIPTION

Degree:	**Finanzas y Contabilidad**
Double Degree:	**Derecho y Finanzas y Contabilidad**
Course:	**INTRODUCTION TO ECONOMICS**
	(Introducción a la Economía - English group)
Module:	**BASIC TRAINING IN ECONOMICS AND BUSINESS**
Department:	**Economía, Métodos Cuantitativos e Historia Económica**
Academic Year:	**2010-2011**
Term:	**Primer semestre**
Total Credits:	**6**
Year:	**1º**
Type of Course:	**Básica**
Course Language:	**Inglés**

Teaching model:	**A1**	
a. **General/background:**		**70%**
b. **Theory-into-practice/developmental knowledge-building**		**30%**
c. **Guided Academic Activities:**		

COURSE SYLLABUS

2. TEACHING TEAM INFORMATION

2.1. Course coordinator Guadalupe Valera Blanes

2.2. Teachers	
Name:	Guadalupe Valera Blanes
Faculty:	**Faculty of Business**
Department:	**Economics, Quantitative Methods and Economic History**
Academic Area:	**Economic Analysis**
Category:	**Profesora Contratada Doctora**
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COURSE SYLLABUS

Academic year 2010-2011

3. ACADEMIC CONTEXT

3.1. Course Description and Objectives

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. Introduction to Economics is the first course students will take within the framework of the Economic Analysis module of the Degree in Business Administration and Management. 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).   .

3.2. Contribution to the Training Plan
 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

Academic year 2010-2011

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3.3. Recommendations or Prerequisites

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.

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.

4. SKILLS

4.1 Degree Skills Developed during this Course

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.

4.2. Module Skills Developed during this 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.

4.3. Course-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.

COURSE SYLLABUS

Academic year 2010-2011

5. COURSE CONTENT (COURSE TOPICS)

Unit 1. What is Economics?
1.1. First Principles.
1.2. Models in economics. Some important examples: the production possibilities frontier and trade.

Unit 2. Supply, Demand and the Market.
2.1. Supply and demand: a perfectly competitive market.
2.2. The Government and the market: price controls, production quotas and taxes. The burden of taxes.
2.3. Defining elasticity. Elasticities of demand.

Unit 3. Perfectly Competitive Markets. Efficiency and Welfare.
3.1. Perfectly Competitive Markets. Other Market Structures.
3.2. Consumer Surplus and the demand curve.
3.3. Producer Surplus and the supply curve.
3.4. The efficiency of competitive markets. First ideas.
3.5. Consumer and Producer surplus. An application to taxes: the deadweight loss.

Unit 4. Efficiency and Equity. Market Failures.
4.1. Efficiency in the Economy as a whole. Efficiency revisited. Efficiency and Equity.
4.2. Externalities.
4.3. Public Goods and Common Property Resources.

Unit 5. Macroeconomic Variables. National Accounts.
5.1. Nominal and Real Macroeconomic Variables. Flows and Stocks. Net and Gross Variables.
5.2. Aggregate Production. Gross Domestic Product (GDP): income and expenditure. The circular –flow diagram.
5.3. Measuring prices. The Consumer Price Index (CPI) and the GDP Deflator. Inflation Rate.
5.4. Main major macroeconomic variables related to the labour market.

Unit 6. The Goods Market.
6.1. The composition of GDP in a closed economy: consumption, investment and government spending.
6.2. The determination of equilibrium output. Multipliers. An alternative way of thinking about the Goods-Market equilibrium.
6.3. The role of the Government to alter the economic cycle.
6.4. The Goods market. Introduction to IS relation.

Academic year 2010-2011

Unit 7. Financial Markets I.
7.1. Money, financial assets and their functions.
7.2. Markets institutional structure. Modern banking: the role of the Central Bank and commercial banks.

Unit 8. Financial Markets II.
8.1. Money demand and money supply.
8.2. The determination of the interest rate.
8.3. The financial markets. The money market. Introduction to the LM relation.
8.4. The goods market and the financial markets. The interest rate.

COURSE SYLLABUS

Academic year 2010-2011

6. METHODOLOGY AND RESOURCES

In order to reach the objectives proposed for the subject, the course will be organised according to the following scheme: general intro/background (Lecture Group); practical/developmental learning (Discussion Group).

General Teaching
A series of basic activities will be carried out as a large group in twentyone 1.5-hour sessions with the professor. In these sessions the professor will provide a basic theoretical framework for the course by topic. The content of the sessions will vary according to when they occur throughout the course. Please refer to the Weekly Schedule for detailed information regarding when these sessions will take place.

Practical Work/Teaching
Nine 1.5-hour 'theory-into-practice' sessions. Please refer to the Weekly Schedule for detailed information, by groups, regarding when these session will take place.
In these sessions the professor will coordinate practical learning activities. As it may not always be possible to cover every topic in depth, students are encouraged to make good use of the required textbook and other relevant bibliography.
Pertinent theoretical/practical questions and problems will be explained and discussed. Concepts learned in the Theory classes will be put into practice and explored.
Practical learning and knowledge-building sessions are designed for regular attendance. There will be a special emphasis on the applicability of the course. Theoretical and practical questions will be covered, along with current financial news, with an aim to apply concepts learned in theory sessions. Theory-into-practice sessions are designed around three main goals: to consolidate theoretical knowledge acquired through reading the required textbook and attending class; to learn to apply theoretical models to specific real-world problems; to build reasoning and critical thinking skills. These sessions are aimed at making students more aware of their progress as well as of their weaknesses with regard to the comprehension and assimilation of course material. The professor will pay special attention to points students find difficult and focus on key concepts /skills. In turn, students will solve problems relating to course topics, resolve doubts and prepare presentations with the help of the professor. The aim here is for students to develop information-gathering, in-depth analysis and synthesis skills while acquiring knowledge about a given subject.

Active participation in class discussions and completion of all assignments will be valued highly when it comes to assessing students. In addition to basic theory and theory-into-practice sessions, students will have the opportunity to attend personalised tutorials. In these optional sessions, the professor will be available to offer personalised advice regarding study habits and to answer specific questions about the topics being studied.
Office hours and tutorials will be announced at the beginning of the course.

7. ASSESSMENT

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 si 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 31st of October, 2010.

8. BIBLIOGRAPHY

Krugman P., Wells R. and Graddy K.: Economics . European Edition (latest updated edition) Worth Publishers.
Blanchard, O.:   Macroeconomics (4th edition)   Pearson Prentice Hall 2006 .
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