

Introduction to Economics

Aims

This course introduces the main concepts and theories about economic science and economic schools. The course aims to approach students to the most important topics and issues studied by economists as well as to teach them to answer and to present economic subjects using the discipline tools.

Assessment

Two options.

Those students coming regularly at class have to answer a final exam composed by four theory questions and two practical problems.

Those students who do not assist to class regularly:

- during the first two weeks of the course they have to talk to the teacher and deliver him a file with the student personal data.
- every monday, the teacher will communicate them one topic to be answered by the student. The paper has to be two sides long and hand-written. Students should return this paper to the teacher the following monday.
- According to the students answers, the teacher will arrange an appointment every wednesday, in order to oriented them.
- After five topics, the teacher will inform those students who can pass to the next phase. The other students have to take the final.
- The students in the second phase can present orally their works.
- If, finally, these students do not pass, they have to go to the final.

Contents

I. Economic Schools

1. Economic concepts. The scientific method in economics
2. The economic schools.

II. Economic systems

3. Elements of the economic systems. Modes and production relationships. Production factors: land, labor, capital, technology. Returns: net extensive and net intensive. The distribution according to social groups: rents, wages, and profits. The reproductive diagram. Types of technological improvements. Conceptions about entrepreneurship.
4. The evolution of economic systems. From feudalism to capitalism. The land's rent and the capitalist development. Origin and evolution of capitalism. The imperialism

III. Value and price

5. exchange value. The measurement of the value of exchange. Real values: the pattern merchandise. Prices index.
6. The regulation of the exchange value: the short term: the market prices. Demand and supply. The long term: the natural price.
7. Use value: from moral value to utility. Utilitarianism. Cardinal utility and ordinal preferences. Cardinal utility under risk.

IV. Exchange

8. Exchange theory: the theory of international trade. The profits of the commerce: absolute and relative advantage. The opportunity cost. The payments balance.
9. Neoclassical exchange. The law of pondered marginal utility. The general equilibrium of market. The indifference curves. From the bilateral exchange to the competitive market. The core of a economy.

V. Firm, production and consumption

11. The continuity principle and the substitution one. The marginal ratio of substitution. Law of increasing substitution difficulties. The possibility borders.
12. Production. Productivity. The Iso-quantas. The cost function: short and long term. The engineer issue. The representative firm. Internal and external economies. The firm and the transactional cost.
13. Consumption. The costumer issue. Revenues and expenditure. Types of goods. Expenditure and prices: the demand curve. The substitution effect and the revenue one. The Giffen's goods.

VI. Markets and distribution

14. Types of markets, why do we go to markets?. The consumers surplus. Markets of goods. Surplus and profit of a firm in a competitive market and in a monopoly market. The aggregated surplus of producers and consumers in a market.
15. Factor markets: the demand and supply of production factors. The product and the long term profit ratio. Surplus, differential rent and quasi-rents. The profiles of entrepreneurs and profits.
16. Labor market: wage and employment occupation in different markets. Types of unemployment. The neoclassic theory about the capital and the interest. The consumption delay. The time preference. Valuations, retrospective and prospective of capital.

VII. Public Treasure and economic welfare

17. State budget. Origin and nature of revenues. The nature of the public expenditure. Unbalance of expenditure and revenues. Progressive and regressive tax systems.
18. The welfare economy. The function of public welfare. The new welfare economy: the compensation criteria. The theoreme about the impossibility of preference construction without values.

VIII. Macroeconomic aggregates and laws

19. The aggregate vision. Macroeconomic concepts. Macroeconomic variables and relations. National accounting. Desirable and realizable variables. The behavior laws.
20. The economic activity level. The Say's market rules. The overproduction crisis. The determination of employment level according to Keynes. Production planning and demand forecast. The labor market: non-voluntary unemployment.
21. The realization of the demand. The consumption function: consumption and savings. The determination of the investment level: marginal efficiency of capital and interest ratio. Relations "ex-ante" and "ex-post" between saving and investment. The multiplier of investment. The acceleration principle.
22. General overview on monetary theory. The quantitative theory of money. Nature and determination of the interest rate. Money supply. The monetary balance and the interest rate.

IX. The public intervention into the economy. Development and fluctuation

23. Government intervention: tax and money policies. Costs and demand inflations. The stagflation. The Phillips' curve and the types of inflation.
24. The issue of economic fluctuations. The law of Say and the fluctuations impossibility. Exogenous and endogenous theories about the cycle. The development and cycle theories of Schumpeter.

Basic literature

- L. Barbé, Curs d'Introducció a l'Economia, I. L'Escola Clàssica, S.Pub.UAB.
L. Barbé, El curso de la Economía, Ed. Ariel./S.Publ. UAB.

J.M. Blanco & J.Aznar, Introducción a la Economía. Teoría y práctica, McGraw-Hill.

Complementary

J.K. Galbraith, Historia de la Economía, Ed. Ariel.
N.G. Mankiw, Principios de Economía, McGraw-Hill.
E.S. Phelps, Economía Política, Antoni Bosch, ed.