



UNIVERSIDAD TÉCNICA FEDERICO SANTA MARÍA
DEPARTAMENTO DE INGENIERÍA COMERCIAL

Subject: ECONOMICS I-A		Acronym: ICS-733
Credits: 3	Prerequisites: MAT-023 or MAT-013 or MAT-030	
Lecture hrs. per week: 4	Asst. hrs. per week: 2	Lab. hrs. per week: 0

GOALS:
Upon passing the subject the student must be able to:
Understand the functioning of the market in partial equilibrium, with emphasis on conditions of perfect competition and to a lesser extent under conditions of imperfect competition.
Understand and analyze the functioning of the economy at an aggregate level, through the behavior of its main variables: product, price level, employment, external accounts, interest rates and exchange rate.

CONTENTS:

1. Basic concepts: economics as a science, positive versus normative judgments, scarcity, alternative cost, efficiency, growth.
2. Consumer theory: preferences, utility, budget constraint, derivation of demand, elasticities, market demand, consumer surplus.
3. Theory of the firm: production function, profit maximization, input demand, firm and industry supply, cost minimization, producer surplus.
4. Market equilibrium under perfect competition: required conditions, short- and long-term equilibrium.
5. Partial equilibrium analysis: price controls, taxes, subsidies, international trade.
6. Area of study of macroeconomics.
7. GDP measurement; GDP versus well-being.
8. Aggregate supply: classical and Keynesian approaches.
9. Aggregate demand: consumption, investment, government sector, trade balance.
10. Introduction to monetary economics: demand and supply of money, exchange rate regimes.
11. General equilibrium models in closed and open economies; policy evaluation macroeconomics.

BIBLIOGRAPHY:

Samuelson, P.; Nordhaus, W., “ *Economics I* ”, 14th edition, McGraw Hill Publishing House. Wonnacott, P.; Wonnacott, R., “ *Economics* ” 4th edition, Mc Graw Hill Publishing. Dornbusch, R.; Fischer, S. “ *Macroeconomics* ”, 6th edition, Ed. Mc Graw Hill, 1994.

Elaborated: Approved: Date:	Marcelo Villena Ch. CC.DD Agreement 01/27 02-10-2001	Observations:
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