ECONOMY I

TOURISM DEGREE

FIRST YEAR

2017-2018

Chapter 1. Economics and Tourism.

1.1. Agents' behaviour and Economics.
1.2. Needs and scarcity: Opportunity cost.
1.2.1. Needs.
1.2.2. Opportunity cost.
1.3. Economics: key issues.
1.3.1. Microeconomic issues.
1.3.2. Macroeconomic issues.
1.4. Economics and Tourism.

Chapter 2. Economic agents and how the economy works.

2.1. Economic agents.
2.1.1. Consumption agents.
2.1.2. Production agents.
2.1.3. Public sector.
2.1.4. Rest of the world.
2.2. Circular income-flow.
2.2.1. Simple economy.
2.2.2. Economy with public sector and the rest of the world.

Chapter 3. Consumer behaviour.

3.1. Consumer objectives.
3.2. Consumer choices.
3.3. Tourism consumption options.
3.4. Theory of revealed preference: Indifference curve.
3.4.1. Consumer's preference choices.
3.4.2. Indifference curves.
3.5. Consumer's budget constraints.
3.5.1. Budget line.
3.5.2. Changes in budget line.
3.6. Consumer's equilibrium.
3.6.1. Equilibrium graphing.
3.6.2. Equilibrium trayectory.

Chapter 4. Demand of touristic goods and services.

4.1. Demand curve and demanded quantity.
4.1.1. Demanded quantity.
4.1.2. Demand curve.
4.2. Variables affecting the demand curve.
4.2.1. Price effect.
4.2.2. Alternative goods' price effects.

4.2.3. Income effect.
4.2.4. Effects of subjective beliefs and preferences.
4.3. Demand elasticity.
4.3.1. Price elasticity.
4.3.2. Cross-price elasticity.
4.3.3. Income elasticity.

Chapter 5. Supply of touristic goods and services.

5.1. Supplied quantity and supply curve.
5.1.1. Supplied quantity.
5.1.2. Supply curve.
5.2. Variables affecting the supply curve.
5.2.1. Price effect.
5.2.2. Other goods' prices.
5.2.3. Effect of production factor costs.
5.2.4. Effect of technology and unexpected events.
5.3. Supply elasticity.
5.3.1. Elasticity concept and estimation.
5.3.2. Supply curves and elasticity.

Chapter 6: The market mechanism.

6.1. Concept of market.
6.2. Functions of prices.
6.3. Types of market.
6.4. Elemental determination of prices.
6.5. The interrelation of markets.
6.6. Equilibrium in the price-accepter markets.
6.6.1. The system of prices as a response mechanism.
6.6.2. The equilibrium.
6.6.3. Excesses of offer and demand.
6.7. Changes in the demand and the supply.
6.7.1. Of the demand.
6.7.2. Of the supply.
6.8. Effects of the changes in the demand and the supply on the equilibrium.
6.9. Influence of price-elasticity on the equilibrium.
6.10. The Cobweb Theorem.

Chapter 7: Production of tourist goods and services.

7.1. The firm and its production function.
7.1.1. The production function.
7.1.2. Classification of productive factors.
7.1.3. The short and the long term.
7.2. The function of short-term production. Total, average and marginal product.
7.3. The law of decreasing yields.
7.3.1. Concept.

7.3.2. Approach through an example.
7.3.3. The curves of TP, AP and MP.
7.4. The technical optimum and the technical maximum.
7.5. Long-term production.
7.5.1. Productive and long-term factors.
7.5.2. Isoquant curves.
7.5.3. Returns to scale.

Chapter 8: Costs in the tourist sector.

8.1. Accounting costs and economic costs.
8.2. Short-term costs.
8.2.1. Total, fixed and variable costs.
8.2.2. Total, average and marginal costs.
8.2.3. Determinants of short-run costs.
8.2.4. The shapes of the costs curves.
8.3. Costs in the long-run.
8.3.1. Prices of productive factors: Isocost lines.
8.3.2 Choosing the optimal input combination.
8.3.2.1. The minimum cost for a given level of output
8.3.2.2 The maximum output for a given expenditure
8.3.3 The relationship between optimal input choice and long-run costs
8.3.4 The long-run expansion path
8.3.5 Long-Run total, average and marginal costs
8.3.6 Returns to scale.

Chapter 9: Perfect competition.

9.1. Characteristics of the perfect competition market.
9.2. The short-run condition for profit maximization.
9.2.1 The demand curves of the firm and of the industry.
9.2.2 The shutdown condition.
9.4. The short-run supply curve of the firm.
9.4.1. Marginal, intramarginal and extramarginal firms.
9.5 The short-run competitive industry supply
9.6 The short-run competitive equilibrium
9.7. Long-run equilibrium of the firm.
9.8. The supply curve of the industry.

Chapter 10: Monopoly of supply.

10.1. Monopoly of supply. Concept.
10.2. The demand of the monopolist compared to the demand of a firm in perfect competition.
10.2.1. Differences between both demands.
10.2.2. Obtaining the demand curve.
10.3. Prices and revenues.
10.3.1. Consequence for the revenue of price variations.
10.3.2. Total, average and marginal revenue.
10.4. Balance of the monopolist.

10.5. The monopolist doesn’t always obtain profits.
10.6. Monopoly and long-term profits.
10.7. Price discrimination.
10.7.1. First degree of perfect discrimination.
10.7.2. Second degree discrimination.
10.8. Social monopoly.
10.8.1. Differentiation of lucrative monopoly.
10.8.2. Balance of social monopoly.
10.8.3. Comparison of the balance in different markets.
10.8.4. Discrimination of prices in social monopoly.
10.9. Regulation of monopoly.

Chapter 11: Monopolistic competition.

11.1. Characteristics of monopolistic competition.
11.2. Balance of the firm in monopolistic competition.
11.2.1. Short-term balance.
11.2.2. Long-term balance.
11.3. The inefficiency of firms in monopolistic competition.

Chapter 12: Oligopoly.

12.1. Characteristics.
12.2. Competition and collusion.
12.3. The collusion of oligopolist firms: balance of the industry.
12.4. Disloyal behavior.
12.5. Non-collusive oligopoly.
12.5.1. Bertrand’s model.
12.5.2. Cournot’s model.
12.5.3. Kinked demand theory.
12.5.4. Game theory.

Chapter 13: The theory of distribution.

13.1 The demand of a factor.
13.2 The distribution of the production between different factors.
13.3 Mobility of production factors.
13.4 Land rent.
13.5 Work and salary.
13.5.1. Perfect markets.
13.5.2. Imperfect competition markets.
13.6 Capital and remuneration.
13.7 The remuneration of the entrepreneur.

REFERENCES

PINDYCK, R.S. & RUBINFELD, D.L.: "Microeconomics". Prentice Hall, 8th Ed. 2012.

Professors.

ALFONSO EXPÓSITO, Ph.D. Chapters 1-5

ROCIO ROMÁN, Ph.D. Chapters 6-9

MARIA PABLO-ROMERO, Ph.D. Chapters 10-13

EVALUATION SYSTEM.

To pass the subject the student must obtain a mark of 5 points or more, out of 10.

The student has two possibilities of passing the subject.

First. There will be three written tests throughout the course corresponding to the syllabus of the subject (Test 1, Test 2 and Test 3). The student will pass the subject getting a score equal to or above 5 when calculating the arithmetic average of the three marks obtained in these tests.

Second. The student who has not passed the partial tests will be able to do a final written test which will evaluate all the contents of the subject.