GRADO EN TURISMO

Introduction to Economics

Questions and exercises Units 1 and 2

Unit 1

1.- Set the main differences between microeconomics and macroeconomics

2.- What is the opportunity cost. Explain the concept of opportunity cost using the Production Possibilities Frontier

What is the opportunity cost of a hairdresser who is watching a workout for his favourite team?

3.- Mark the correct statement, among the following four, regarding the circular flow of income:

a) Companies offer goods and services to the market and pay in the market for goods and services, based on what the market demands of them

b) Households demand goods and services from companies and receive money based on what they have demanded

c) Companies demand working hours from domestic economies and pay rents to families that we call wages

d) In the factor market, companies offer work and families demand wages.

4.- Explain the relationship between the slope of the demand curve and and the decreasing utility as the consumption of a good increases.

Unit 2

5.- What is the difference between the expressions: demand, quantity demanded, demand function, demand curve, and law of demand?

6.- On what variables does the supply of a good depend? How does the supply curve shift in the face of an increase in workers' wages? Represent it graphically.

7.- Explain how it will affect the demand curve for accommodation in a beach hotel:

a) holding a music festival on that beach

b) the tourist promotion of that beach by the city council

c) pollution of the sea by an oil spill

d) the opening of a campsite

8.- The demand table for the services offered by an amusement park is as follows:

Point	Ticket price	Quantity demanded (number of tickets per week)
a	100	200
b	80	350
c	50	600
d	25	1000
e	10	1400

1) Plot the demand curve.
2) Calculate the price-elasticity of demand between points a and b, between points c and d, and between points d and e, using the average between the initial and final values as a reference value.
3) Calculate the total revenues of the amusement park corresponding to each point.
4) At what price is the maximum total revenues obtained? Justify using the elasticity values calculated in section 2) whether or not the company is interested in lowering that price.