Universidad de Navarra

Current Economic Challenges

Teaching guide 2026-27

INTRODUCTION

Course description

Economics shows you how to think about some of the toughest problems facing society – and how to use data to get answers. The objective of this course is for students to deepen their analysis of some of the major challenges in the current economy using the models and techniques learned in previous courses. By specifically addressing today's most pressing issues, this course provides a broad survey of many strands of the current applied economics literature.

The course will focus on demographic challenges, inequality and sustainability, and the role of the public sector. Addressing these challenges requires coordinated efforts from policymakers, businesses, and international organizations to ensure sustainable and inclusive economic growth.

This course provides an in-depth analysis of the major economic challenges facing global and national economies today. Students will explore key topics such as inflation, supply chain disruptions, labor market issues, climate change, pensions, and more. The course will focus on the underlying causes, impacts, and potential solutions for these challenges through lectures, case studies, and group discussions.

- **Title**: Current Economic Challenges
- **Degree:** Degree in Economics
- **Module in the degree program and field**: General Economics - applied economics
- **Number of Credits**: 3 ECTS
- **Year and semester**: 4th year / 2nd Semester
- **Type of subject:** Required (OB)
- **Instructor**: Prof. Sandra Polanía-Reyes
- **Language**: English
- **Department:** Economics
    - **Lecture schedule**: Monday, 15h to 17h
- **Aula**: Amigos building, AMI-P0-AulaTBD
- **Office:** Amigos building, Torre, 2490, second floor
- **Prerequisites:**
    - **Math:** Calculus and Algebra. (Eb+IF: Quantitative methods I, II, III). The lectures will occasionally discuss simple mathematical models that economists find helpful to describe some aspects of the data.
    - **Intermediate Microeconomics and Macroeconomics:** We will cover a large set of different topics in economics and examine some of them from the lens of micro and macro concepts, mechanisms and models. The intuition behind those models will always be made clear.
    - **Probability and Statistics:** For each topic, we will study several concrete examples chosen from around the world, and use statistics to understand these examples quantitatively. Almost all of the required readings and lectures will use elementary statistics.
    - **Econometrics:** You must know what a linear regression is. Some readings will use more advanced statistical tools (such as correlations and regressions) to dig deeper into the data. Econometrics is not a prerequisite for this class. I will provide all the materials you may need.
    - **Applied tools:** Confidence with at least one software that allows you analyze data and produce results and graphs (Excel works) is a must.

LEARNING OUTCOMES (Competencies)

At the end of this course, students should have a good sense of the key questions asked by scholars interested in poverty today and hopefully a few answers as well.

Goals

1. Understand the key economic challenges impacting both global and national economies.
2. Analyze the causes and effects of issues like inflation, labor shortages, and technological disruptions.
3. Evaluate policy responses and potential solutions to current economic challenges.
4. Engage critically with economic data and trends to form evidence-based conclusions.

Basic and General Competencies

CG1: Understand different areas of economic analysis, both theoretical and/or applied.

CG3: Reason and express one's opinions coherently in oral and/or written contexts related to economic texts.

CG5: Communicate orally or in writing results and analyses useful in the economic or business field.

CG6: Understand the different environments in which work develops: economic conditions, markets, historical, legal, or humanistic context.

CG7: Draw normative conclusions relevant to economic policy from positive knowledge.

CB5: Students will have developed the learning skills necessary to undertake further studies with a high degree of autonomy.

Specific Competencies

CE7: Pose and answer relevant questions in the area of Spanish and/or global economics with a global vision of the knowledge acquired.

CE9: Understand the historical evolution of the economy.

CE11: Understand the role of the public sector in addressing market failures.

CE13: Understand how state revenues and expenditures are structured.

PROGRAM

Topic 1: Human Resource Management

1.1 Population dynamics: demography

Aging Population: As life expectancy increases and birth rates decline, many countries are facing a growing proportion of elderly citizens. This puts pressure on pension systems, as fewer working-age individuals contribute to pension funds, while more retirees are drawing from them.

Demographic Imbalances: Some countries face the issue of having a larger retired population compared to the working-age population, which creates significant funding issues for pay-as-you-go pension systems, where current workers' contributions fund current retirees' benefits.

Rising Pension Liabilities: With longer life expectancies, pension liabilities (the total amount owed to retirees) continue to grow, putting pressure on governments, corporations, and pension funds to find ways to meet these obligations.

Increasing Migration: labor market pressure, fiscal impact, inequality and distributional effects, remittances and economic dependency, urban and infrastructure strain and slow integration and low productivity.

1.2 The future of pensions in pay-as-you-go systems

Underfunded Pension Systems: In many regions, both public and private pension systems are underfunded, meaning they don't have enough assets to meet future obligations. This shortfall creates significant financial risks for retirees and governments alike.

Pension Reforms and Political Resistance: Many countries are considering or have implemented reforms, such as raising the retirement age, increasing pension contributions, or adjusting benefits. These measures are often met with political and public resistance, as they can be seen as reducing the value of promised pensions.

1.3 The labor market and the challenges of technological transition.

Shift to Gig Economy: The rise of gig and freelance work has created challenges for traditional pension systems, as many workers in these sectors do not have access to employer-provided pensions and must rely on personal savings or state pensions, which may not be sufficient.

Labor Market Issues: There are ongoing labor shortages in many sectors, wage pressures, and skill mismatches, making it difficult for businesses to fill positions and maintain productivity.

Technological Disruption: Rapid technological advancements are transforming industries and business models, necessitating continuous innovation and adaptation to remain competitive.

Topic 2: Resources and Their Distribution

2.1 The challenge of sustainability: managing natural resources

Climate Change: The need to address climate change is leading to increased regulation and investment in green technologies, which can be costly and require significant adaptation for businesses and economies.

Supply Chain Disruptions: Persistent supply chain issues, exacerbated by the COVID-19 pandemic and geopolitical tensions, are causing delays and increased costs for goods and services.

2.2 The challenge of intergenerational distribution

Stagnated Social mobility

2.3 The challenge of inequality and wealth distribution

Income and wealth Inequality: Growing income and wealth disparities are contributing to social unrest and can hamper overall economic growth by reducing consumer spending power.

Topic 3: The Role of the Public Sector and Institutions

3.1 Public-private collaboration in the economy, explained with examples (healthcare, education)

3.2 Persistence of public deficits

High Debt Levels: Elevated public and private debt levels are limiting fiscal flexibility and posing risks to financial stability, particularly in the face of rising interest rates

3.3 Development as a goal: Sustainable Development Goals

Other Challenges

1. **Inflation**: High inflation rates are impacting the cost of living, reducing consumers' purchasing power, and increasing costs for businesses. Central banks are adjusting monetary policies to combat this, but it remains a significant issue.

2. **Geopolitical Tensions**: Violent conflicts, trade disputes, and political instability are creating uncertainties in global markets, affecting trade, investment, and economic cooperation.
3. **Pandemic Aftershocks**: The lingering effects of the COVID-19 pandemic, including potential new variants and ongoing public health measures, continue to pose risks to global economic stability and recovery.

EDUCATIONAL ACTIVITIES

I. Classroom teaching activities

We will have a combination of formal lectures and class discussions. This will only be possible if you consistently work on the new material. The material for each topic will be posted weekly, and you should keep pace with the rest of the class. Please don't be shy about seeking help if something is unclear or confusing! Ask questions as they arise during lectures and make sure you read all mandatory background readings. Be ready to discuss their content on the day that they are due.

1. Lectures. Lectures are given by the professor on the themes indicated in the syllabus with the help of power point presentations and videos. The professor will post on ADI the power point presentation, the notes for each topic and some recommendations for further reading.

2. Class discussion and case studies

II. Personal work

Students must understand themes covered early in the course to be able to comprehend information presented later in the course, and will have to be able to integrate material learnt throughout the course. Therefore, it is important that they do not fall behind and try to set aside regular times outside of class to work on the course material on a daily basis.

1. Students must read the assigned reading for a subject before the lecture covering that topic. Being familiar with topics beforehand will allow students to get the most out of the lecture.

2. Students should conduct personal study using the professor's notes, notes taken in lectures and recommended readings.

There will be extra points opportunities for those who want to go deeper in the topics, and the first person that finds a mistake in the slides.

Time Commitment: Credits/hours distribution of the activities. 3 ECTS= 75 h (25 h/ECTS).

1. Lectures (theoretical and/or practical) 0.48 ECTS 12h 16%

2. Discussion and/or case study analysis 0.48 12h 16%

3. Individual directed work 0.24 6h 8%

Total classroom activities 1.2 ECTS 30h 40%

4. Personal work 1.8 40h 60%

Total 3 ECTS 75h 100%

The minimum commitment will be approximately 5 hours per week for attendance (2 hours), doing the readings, and completing the assignments.

ASSESSTMENT

Honor Code

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Note that any attempt at fraud, copying, plagiarism, or other irregular behavior constitutes a serious offense as outlined in Title IV, “Academic Disciplinary Rules for Students,” within the University of Navarra's Code of Conduct, HERE

In#Class Technology Policy

This course adopts a “screens down” policy to protect attention, improve the quality of discussion, and support learning for all students. Research syntheses comparing **handwritten vs electronic note-taking** report worse learning outcomes on average with electronic note-taking, and experimental/field evidence indicates that **restricting phone access** can improve academic performance and student focus, particularly for lower-performing students.

- **Laptop computers and tablets are not permitted in class.** Students must keep laptops/tablets **closed (“lids down”) and stored away** for the full class period.
- **Mobile phones and smart devices (including smartwatches) are not permitted for use in class.** Devices must be **silenced and kept out of sight** (e.g., in a bag /pocket) for the full class period.
- **Handwritten notes are encouraged.** Students are welcome to use **pen-and-paper** and to bring **printed readings**.

Exceptions

- **Accessibility accommodations:** Students who require a device as part of an approved accommodation may use it. Please notify the instructor early in the semester so we can implement the accommodation appropriately.
- **Urgent circumstances:** If you anticipate an urgent call/message (e.g., medical /family), please inform the instructor **before class** and step outside to respond if necessary.

Enforcement: Non-compliance may be treated as a disruption to the learning environment. The instructor may ask a student to put a device away immediately; repeated violations may affect participation credit and/or result in being asked to leave for the remainder of the session.

AI policy for this class

Students are allowed to use advanced automated tools (artificial intelligence or machine learning tools such as ChatGPT) on assignments in this course if that use is properly documented and credited. For example, text generated using ChatGPT-3.5 should include a citation such as: “Chat-GPT-3.5. (YYYY, Month DD of query). “Text of your query.” Generated using OpenAI. https://chat.openai.com/”. Material generated using other tools should follow a similar citation convention.

Final grade

There will be 1 multiple choice (MCQ) midterm exam and a MCQ final exam. Exams questions will be drawn directly from lectures, class discussions and mandatory readings.

Attendance is mandatory. Justifications for missing class will **only** be received by ADI and be considered if submitted prior to the start of the class.

To calculate the final grade, course performance and grading will be determined as follows :

- **Class participation and discussion (15% sessions 1-6) (15% sessions 7-12):** The use of a desk name tag card is **mandatory**. Frequency of contributions, quality (relevance, depth, originality) of contributions, preparedness, and engagement with peers.
- **Mid term exam (30%) - Feb. TBD, 2026**
- **Individual Final exam (40%) - April TBD, 2026**

Grade System (cfr. Art. 5, Real decreto 1125/2003, Spanish Ministry of Education)

Criteria to pass the course

- Students whose final grade is 5 points or more will pass the course.
- Students whose final grade is below 5 points will not pass the course and will be graded as *Suspenso* .
- Students who do not take the final exam will not pass the course and will be graded as *No presentado*.

Exams review

- Students will be able to review the exams in an interview with the professor, after publication of the grades, in a day and place that will be indicated.

Students with special learning needs

Accommodation will be provided for students with special learning needs, either regarding the methodology and/or evaluation of the course, but they will be expected to fulfill all course objectives.

Evaluation in the extraordinary call

For those who do not pass the course in May or did not take the exam (grades *Suspenso* or *No presentado*) there will be a **100 MCQ extraordinary exam in June**. The final grade for this extraordinary exam will take into account all other activities or exams the student has previously passed. Under no circumstances may the professor consider any failed assessments from the regular exam period.

In person individual Exam on **June TBD, 8:30 at TBD, Ed. Amigos.**

OFFICE HOURS AND FEEDBACK

Prof. Sandra Polanía-Reyes

Office: 2490. Ed. Amigos, Torre, Planta 2.

Office hours: Book the appointment here **https://calendar.app.google/u1trCZR9qoNnzAzX9**

Website: https://spolaniareyes.github.io/

E-mail policy ONLY THROUGH ADI

Do not expect responses outside during week-ends or holidays.

Questions about reading assignments, assessment, class schedules, dates and venues should be clarified with the info here in ADI or in class.

BIBLIOGRAPHY AND RESOURCES

Required textbook

Good Economics for Hard Times: Better Answers to Our Biggest Problems. (2019) by Abhijit V. Banerjee and Esther Duflo . PublicAffairs. ISBN-10: 1610399501. ISBN-13: 978-1610399500 Find it in the library and ONLINE here

Additional readings

The instructor will also provide additional materials and handouts of the class slides.

We will build up a Handout file with excellent resources on Econ Policy. We will also refer to other resources (videos, book chapters and articles) that will be available every week.

The instructor will refer you to course notes or further readings if you want to dig deeper into certain topics.



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