

Intensive Course in Economics: Foundations of Economic Policy

Winter Term 2019/20

Georgina Milliot, M.A.

Anelise Rahmeier Seyffarth, M.A.

Course Information:

Lecture:

Macroeconomic part (block)

- Friday, 18.10.2019, from 1p.m. to 6 p.m. in A01 0-008
- Saturday, 19.10.2019, von 9 a.m. to 2.p.m. in A01 0-008
- Friday, 25.10.2019, von from 1p.m. to 6 p.m. in A14 1-103 (Hörsaal 3)
- Saturday, 26.10.2019, from 9 a.m. to 12 in A05 0-056

Microeconomic part

- Monday, 08:30 - 10:00 in A01 0-008
- Tuesday, 08:30 - 10:00 in A01 0-008

Start: 4th of November 2019; End: 10th of December 2019

Two additional appointments for exercises and questions: 13th and 14th of January 2020.

Content:

The lecture consists of two separate parts: The first part of the lecture will deal with basic macroeconomic content, while the second part of the lecture will deal with selected topics of microeconomics.

The macroeconomic section deals with macroeconomic issues that aim to analyze the effects of economic policy instruments in the short and long term. It covers content such as the IS/LM model, the relationship between inflation and unemployment, the role of monetary and fiscal policy in the closed and open economy, the analysis of economic policy instruments under the assumption of imperfect market conditions (such as fixed prices and nominal wages) and determinants treated for long-term economic growth.

In the microeconomic part, the basics of welfare economics are first reviewed and then reconstructed on the basis of graphical analysis and analytical models. This includes the derivation of the efficient balance in decentralized markets, as well as its conditions and conclusions. Subsequently, the cases are discussed in which from a microeconomic point of view, market failure can occur. Based on the topic of public goods, this will be thoroughly analyzed (again using graphical and analytical models). Finally, the cases in which the state should take corrective action and how will be considered.

The aim of the course is to provide the students with a compact knowledge of economically important subject areas in order to prepare them for further, advanced courses.

Structure of the course and examination:

The course takes place in block form, i.e. in the first half of the semester, macroeconomic content is taught throughout, followed by the microeconomic part. The course concludes with a 120-minute written exam (probably 20th of January 2020).

Basic literature:

- **Hindriks, Jean and Gareth Myles**, 'Intermediate Public Economics', 2nd Edition, MIT Press, 2013.
- **Varian, Hal**, 'Intermediate Microeconomics', Norton & Company. (German translation: 'Grundzüge der Mikroökonomik'.)
- **Montiel, Peter**, 'International Macroeconomics', Wiley-Blackwell, 2009.
- **Carlin, Wendy and David Soskice**, 'Macroeconomics: imperfections, institutions and policies', 2006.
- **Dornbusch, Rüdiger and Stanley Fischer**, 'Macroeconomics', McGraw-Hill. (German translation: 'Makroökonomik').
- **Barro, Robert J. and Xavier Sala-i-Martin**, 'Economic Growth', The MIT Press, 2004.
- **Felderer, Bernhard and Stefan Homburg**, 'Macroeconomics and New Macroeconomics', Springer-Verlag, 1987. (German translation: 'Makroökonomik und neue Makroökonomik').
- **Sydsaeter, Knut and Peter Hammond**, 'Essential Mathematics for Economic Analysis', Pearson (German translation: 'Mathematik für Wirtschaftswissenschaftler').
- *Additional documents, such as lecture slides, literature, etc. are available on Stud.IP.*