

# **Intensive Course in Economics: Foundations of Economic Policy**

Winter Semester 2018/19

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## **Lecture dates and times:**

Monday, 08:00 - 10:00 in A05 0-056

Tuesday, 08:00 - 10:00 in A01 0-006

## **Course 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.

## **End of Lecture 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. The actual date and place of the exam will be announced via Stud.IP.

## **Basic Literature:**

- **Hindriks, Jean and Gareth Myles**, Intermediate Public Economics, MIT Press, 2006.
- **Varian, Hal**, 'Intermediate Microeconomics', Norton & Company.
- **Montiel, Peter**, 'International Macroeconomics', Wiley-Blackwell, 2009.
- **Carlin, Wendy and David Soskice**, 'Macroeconomics: imperfections, institutions and policies', 2006.
- **Dornbusch, Rudiger and Stanley Fischer**, " 'Macroeconomics', McGraw-Hill.
- **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.
- **Sydsaeter, Knut and Peter Hammond**, 'Essential Mathematics for Economic Analysis', Pearson.