

Economic policy, 2010-2011

Introduction

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1

What this course is about

- Economic policy: questions/ theories / institutions
- Main discussions of recent decades, e.g. effectiveness of budgetary policy, choice of an exchange rate regime, policies for growth, lessons from the financial crisis
- Aim is to build bridges between elegant models and the daily life of policymaking as practice in government or institutions
- But room for debate – structured eclecticism rather than a unified doctrine
- We posit that evidence-based policy exists

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2

Why this course is different

- Demand-driven rather than supply-driven: we start from policy questions, not from theories
- Attention to facts: stylised facts are presented first, models after
- Theory-intensive, but theory is introduced as necessary
- Covers wide range of issues (though mostly macro)

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3

Value for students

- Introduction to real-life economics (good for those who intend to enter labour market)
- Opportunity to revisit and test theories (good for those who intend to start a PhD)
- Opportunity to revisit current discussions in the light of theories and facts (good for everyone)

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4

Course outline

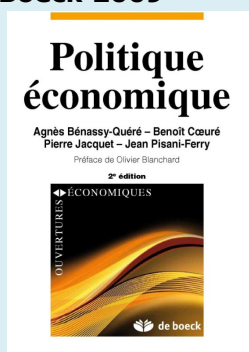
1. Concepts
2. Economic policy in a complex world
3. Budgetary policy
4. Monetary policy
5. International financial integration and foreign-exchange policy
6. Growth policy
7. Tax policy
8. Economic policy and the crisis

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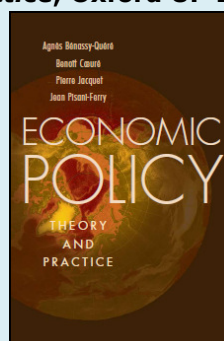
5

Textbooks

Politique économique,
De Boeck 2009



Economic Policy: Theory and Practice,
Oxford UP 2010



English version more up-to-date (especially on crisis-related matters)
French 2010 print better than 2009 print (some errors corrected)

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6

Typical chapter structure

- Stylised facts
- Relevant theories and models
- Policy issues

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7

The way we will work

Typical lesson structure

- Chapter presentation
- Reflection
 - Discussion of articles
 - Focus on some models (equation work)
- Debate on related current issue

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8

What matters for me

- Not what you remember
- Not whether you agree with me
- But:
 - How you deal with facts and data
 - How well you understand theories
 - How you deal with models
 - How you rigorously you think about economic policy issues
- When a question is asked, answer the question, not the somewhat related one that is addressed in the course or elsewhere

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9

Prerequisites

- Economic culture
- Basic macro
- Familiarity with formalisation

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10

Homework

- Consult the website
- Read the chapter of the week
- Read the recommended papers
- Read other papers also (guidance provided)
- Read about current economic policy issues

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11

Grades

- Grades based on:
 - Participation in discussions
 - Essay in December
 - Written exam in January
- Full access to written course material authorised for exams

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12

Contact

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