

Economic policy, 2011-2012

Introduction

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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, etc..
- Crisis leads to serious questioning of traditional philosophy, assignment of instruments.
- Aim is to build bridges between elegant models and the daily life of policymaking as practiced in government or institutions
- Posits that evidence-based policy exists
- Room for debate – structured eclecticism rather than a unified doctrine

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Why this course is different

- Demand-driven rather than supply-driven: starts from policy questions, not from theories
- Up-to-date: discusses the currently pressing policy issues and aim at addressing them analytically
- Attention to facts: stylised facts are presented first, models follow
- Theory-intensive, but theory is introduced as necessary
- Discusses lessons to be drawn from economic analysis for resolving policy dilemmas
- Covers wide range of issues (though mostly macro)

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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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Course outline

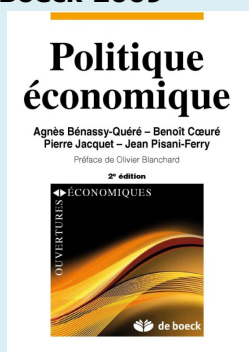
1. Concepts
2. Economic policy in a complex world
3. Budgetary policy
4. Monetary policy
5. International financial integration and foreign-exchange policy
6. Growth policy
7. Tax policy
8. Economic policy and the crisis

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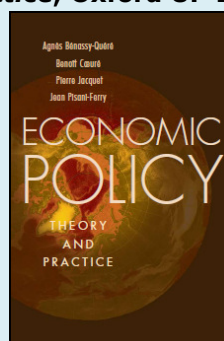
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Textbooks

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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Typical chapter structure

- Stylised facts
- Relevant theories and models
- Policy issues

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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
 - Presentation of facts and policy issues
 - Discussion of options

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What matters for me

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

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Prerequisites

- Economic culture
- Basic macro
- Familiarity with formalisation

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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
- Check the data

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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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Contact

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