

Economic policy

Level: Master – first year - M1 / first semester

Cursus: Political engineering/ Economics and Finance

Teaching hours: 24h in class (lectures - CM)

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Course's objectives:

What place should public intervention have in a market economy? This issue has lasted for centuries and the answer is far from being unique. The course aims to provide elements of a response to this question. It presents the fundamental tools of economic policy and applies them to various themes such as monetary policy, fiscal policy, environmental policy, growth policy and employment policy. First, a history of state intervention in a market economy will be presented. Thus, key concepts to economic policy as Pareto optimum or the theorems of welfare will be placed in their historical context. Moreover, special attention will be paid to the controversy between Keynesians and monetarists on public intervention. Secondly, students will analyze different examples and applications of recent models used by decision makers. They will understand the difficulties that the economic decision-maker may face from both a qualitative and quantitative point of view. At the end of the course, students will understand the political stakes of the different themes approached in macroeconomics during the bachelor degree. They will detect the diversity of policies that can be pursued based on a chosen theoretical model and learn to use decision support tools on these models.

Prerequisites:

The student should learn the chapter 1 and 3 of the Romer's book *Advanced macroeconomics* to feel comfortable with the notions discussed in the course.

Bibliography:

- *Bénassy-Quéré, Agnès, et al. *Economic policy: theory and practice*. Oxford University Press, USA, 2010.
- *Bénassy, Jean-Pascal. *Macroeconomic theory*. Oxford University Press, 2011.
- *Lavoie, Marc. *Post-Keynesian economics: new foundations*. Edward Elgar Publishing, 2014.
- *Morgan, M. Granger. *Theory and practice in policy analysis*. Cambridge University Press, 2017.
- *Romer, David. *Advanced macroeconomics*. McGraw-hill, 2012.
- *Wickens, Michael. *Macroeconomic theory: a dynamic general equilibrium approach*. Princeton University Press, 2012