# Economic Policy

## Prof. Giuseppina Malerba

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The aim of the course is to complete students' basic economics preparation by deepening the knowledge acquired in the Microeconomics and Macroeconomics courses through the acquisition of methodological, theoretical and empirical tools for meeting the economic policy aims of efficiency, equity, stability and growth.

At the end of the course, students will be able to:

1. possess a good knowledge of the main models for meeting the economic policy objectives covered in the course;

2. use the methodological and theoretical tools acquired to interpret the role of Italian, European and international economic policy institutions;

3. use and interpret economic processes and data autonomously in order to develop critical skills in economic policy debates;

4. communicate their acquired knowledge rigorously, clearly and effectively;

5. possess good knowledge of the institutional processes, so allowing them to undertake subsequent studies in the economic, business and professional fields with greater autonomy.

***COURSE CONTENT***

1. Institutions: the state, firms and the market.

2. Market coordination: public goods and commons goods, externalities and environment, expectations and strategic complementarities.

3. The economic role of information: information and knowledge; the principal-agent relationship; moral hazard and adverse selection; pooling and separating equilibria.

4. Risk and uncertainty: expected utility theory and recent developments; risk aversion; risk and uncertainty.

5. Equity and social choices: (Im)possibility of social choices; social and private costs and benefits; voting models and decision criteria; social justice theories.

6. Income distribution and employment policies: Lorenz curve and Gini index; welfare state*;* pension systems and demographic dynamics; the issue of poverty.

7. Inflation and labour productivity: inflation theories, labour productivity and TFP, unit labour costs, productivity differentials and comparative advantages.

8. Monetary policy: ECB and FED monetary policy; instruments and channels for transmission; rules, discretional practices and inconsistency over time.

9. Budget and public-debt policies: policies for public-debt management and reduction; economic effects of the public debt.

10. Growth and endogenous growth: growth accounting; Solow and AK model, learning by doing, human capital and education; innovation, research and development; institutions for growth.

***READING LIST***

L. Campiglio, *“Mercato, prezzi e politica economica*”, 1999, Il Mulino, Bologna.

Additional course support material will be available on Blackboard.

***TEACHING METHOD***

Lectures.

***ASSESSMENT METHOD AND CRITERIA***

Written exam on the whole course, consisting in open-ended questions and simple exercises aimed to test the knowledge and the skills acquired by students. Each test will be ideally divided into two different parts.

The first part, based on short questions and/or exercises, aims to assess the theoretical base concepts explained during the course. The second part, instead, will be focused on more structured questions, in which students will be asked to carry out exercises of various kind and analyse statistical evidence or press articles in order to outline specific economic phenomena. This will allow them to be assessed on the skills acquired during the course.

Alternatively, students will have the possibility to split the written exam into two different parts: an interim test, taking place during the first week after the end of semester 1 classes, followed by a final test taking place during the summer exam session (June-July 2023). Each test will determine 50% of the final mark. Only the students passing the interim test will be allowed to take the final part of the exam. Also in this case, each test will be ideally divided into two different parts (as the ones mentioned above). Further information will be made available on Blackboard.

***NOTES AND PREREQUISITES***

The systematic study of the topics explained during the course is highly recommended, especially to the students planning to take the interim test.

To effectively follow the course, the basic tools of Microeconomics, Macroeconomics, General Mathematics and Statistics are needed.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.