

Economic Policy and Business Activity



LISBON
SCHOOL OF
ECONOMICS &
MANAGEMENT
UNIVERSIDADE DE LISBOA

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2nd Semester

Course objectives

Provide you with the fundamentals of economic policy in theory and in practice.

Why is it important?

Because theoretical models should be tested and applied (using available data) in order to obtain evidence on which policies may work best to meet policy objectives, given real-world constraints.

What will we learn about?

Some examples...

- Why and how do governments intervene in the economy?
- Why is it so difficult to achieve the objectives of economic policy?
- What are the main instruments used by governments to improve economic and social outcomes (jobs, income, health, leisure, etc.?)
- Why and what do we need fiscal and monetary policies for?
- Why do some countries grow more than others?
- How has global inequality evolved and why?
- Why should we care about these matters?

Course outline

1. Introduction to economic policy
2. Limits of economic policy in a complex world
3. Fiscal policy
4. Monetary policy
5. Growth policies

Recommended reading list

- Bénassy-Quéré, A. e outros (2010), *Economic Policy: Theory and Practice*, Oxford University Press.
- *Economic Policy and Business Activity, Course Notes and Materials*, AEISEG.

Course Assessment

1. Ongoing student assessment during the semester accounts for 40% of the course final mark and includes the following elements:

- Two mini-tests with topics and date arranged in advance (50% of ongoing student assessment). Questions about the texts discussed in practical sessions. **See Introduction Slides of Practice Classes for more details.**
- Presentation and discussion of the texts selected for the practical sessions (50% of ongoing student assessment).

Course Assessment (cont.)

2. Students with an average mark below 10 values on the ongoing student assessment **cannot** take the normal examination period final exam, but **can** take the written exam in other examination periods.
3. The overall final mark will consist of: 40% of the average mark from the ongoing student assessment (see point 1) and 60% of the mark obtained in the final written exam.

Course Assessment (cont.)

4. Students taking the final exam in the second examination period can also benefit from ongoing student assessment if it helps increase their final mark.

In summary, the final mark will be:

- $40\% \times \text{ongoing student assessment} + 60\% \times \text{final exam mark}$, if final exam mark $<$ ongoing student assessment
- 100% of final exam mark if exam mark \geq ongoing student assessment

5. The final mark for the special examination period consists only of the mark obtained in the written exam.