

Economic Policy and Business Activity



LISBON
SCHOOL OF
ECONOMICS &
MANAGEMENT
UNIVERSIDADE DE LISBOA

Course objectives

Discuss some of the fundamental issues in economic policy in theory and in practice.

Why is it important?

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

But remember, **models are never neutral**. Economics is never ideologically neutral.

How to Make Better Economic Policy Choices?

#1 Study (economics) with skepticism and within the broader historical context

#2 Ask questions more than look for answers

#3 Have a problem-focused approach, rooted in reality

What will we talk about and discuss

Some examples...

- Why and how do governments intervene in the economy?
- Why is it difficult to achieve the objectives of economic policy?
- What are the main instruments used by governments to improve wellbeing (jobs, income, health, leisure, etc.)?
- Why do some countries grow while other don't?
- Should we care about economic growth anyway?
- How has global inequality evolved and why?

Course outline – Lectures (Prof. Patricia Melo)

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

Reading list - Lectures

- Bénassy-Quéré, A. et al. (2010), Economic Policy: Theory and Practice, Oxford University Press.
- Course Notes and Materials, available on MS Teams.

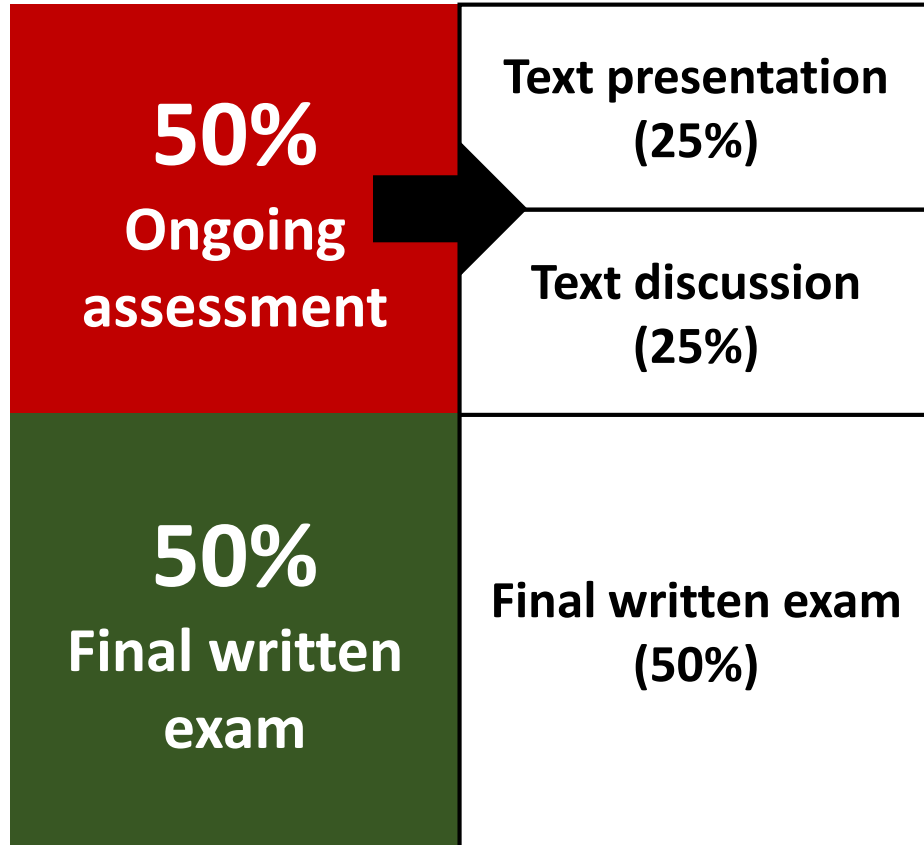
Additional recommend online resources:

- <https://www.ineteconomics.org/>
- <https://www.politico.com/>
- <https://www.vox.com/>
- <https://www.project-syndicate.org/>

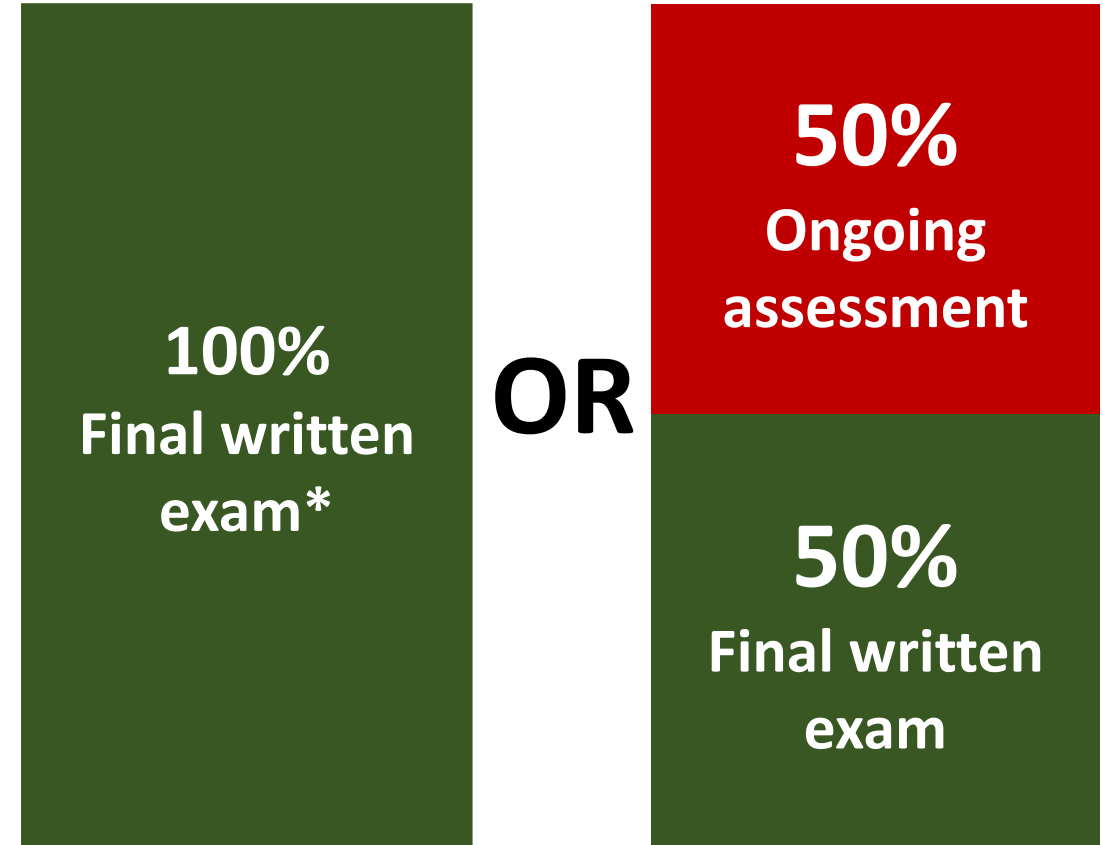
Practical classes – Prof. Zoe Venter

- Dedicated to the **analysis and discussion of a selection of texts about economic policy, fiscal policy, monetary policy and growth policies** – see the list in the next slides.
- 8 texts -> 9 presentations -> 9 groups in each class (economics and management separately).
- Each group will present and discuss different texts.
- **Group composition:** 3-4 students

Normal Examination Period



Second Examination Period



*if final exam mark > ongoing student assessment or student did not do ongoing assessment

Additional recommend online reading

- Professor Robert Skidelsky series of lectures on “[How to/ How Not To Do Economics](#)”, INET
- Samuel Bowles and Wendy Carlin (2020) “[What Students Learn in Economics 101: Time for a Change](#)”, Journal of Economic Literature 2020, 58(1), 176-214
- Ha-Joon Chang (2014) [Economics: The User's Guide](#), Penguin: London
- Francisco Louçã e José Castro Caldas (2009) **Economia(s)**, Porto: Afrontamento

Any questions?