

Prof. Dr. Michael Bolle

Seminar: Winter Term 19-20

Modern Political Economics

Session 4.1. Some kind of summary (see 3.2.)

A. Decisions: Macro and micro

- (1) Allocation of resources
- (2) Distribution of income and building of wealth
- (3) Stability and Growth

B. Consequences

- Supply oriented (neoclassical) theory (Walras, Pareto) and Neoliberalism (Hayek)
 - Efficient markets and micro-market failures
 - Ordnungspolitik (Eucken) and state-intervention (Pigou, Coase)
 - Monetary Policy (Friedman; Lucas rational expectation)
- Demand oriented theory (Keynes)
 - Systemic (macro) failures (market transmission)
 - State intervention (stabilization): deficit-spending and surplus saving
- Supply-demand models (different emphasis) and growth models a la Harrod, Solow

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