

Module	ECONOMIC POLICY DURING THE EUROCRISIS: EVIDENCE-BASED POLICY ANALYSIS OF THE EMU		
Area of study/Profile	Constitutional Economics and Competition Policy Empirical Economics Public Sector Economics and International Taxation Public Sector Economics Volkswirtschaftslehre Quantitative Methoden Economics and Politics		
Recommended semester	1.-4.	Mandatory/elective	elective
Module coordinator	Prof. Lars Feld	Work load	
ECTS (credit points)	4 or 6 ECTS	Contact hours (SWS)	120 h lecture + 120 h tutorial
Course type	Lecture + Tutorial	Language	English
Rotation	Irregular		
Requirements	No special requirements		
Learning/ qualification target	By the end of the course, students are able to <ul style="list-style-type: none"> <li>• Formulate hypotheses informed by theory and test them with empirical methods on a medium level of macroeconometrics with STATA. Inference is tested with econometrics from the domain of time series and panel time series for macropanel.</li> <li>• Assess fundamental macroeconomic models in advanced macroeconomics.</li> <li>• Apply empirical test strategies for hypothesis testing based on theoretical models.</li> </ul>		
Content	<p>Over the past decade the European Union has faced a series of economic crises connected to debt in the private and public sectors. Specific policy measures have been applied to the Eurozone economies with varied success. The policy prescriptions, rules and institutional organization of the European Monetary Union (EMU) have themselves become a focus for constant debate.</p> <p>Taking the theoretical and institutional framework of the EMU as its basis, this course will focus on two research questions: to what extent does the theoretical and institutional framework of the EMU explain its strengths and weaknesses? And, what effects do interventions in the EMU's fiscal and monetary framework have on key macroeconomic variables? The overall aim will be to understand how prescribed policy measures have affected the Eurozone economies.</p> <p>The course is structured in two parts. Part 1 provides a general institutional background of the EMU, and the working properties for monetary and fiscal policy. In Part 2, based on these models and using a medium level of macroeconometrics, students will formulate hypotheses and test them. Applied economic models will be put under close empirical scrutiny.</p> <p>In this course, students will use the data analysis tool STATA – a data analysis program employed in data related businesses, governments and academia – in order to obtain and analyze economic data. Students will receive an intensive tutorial on STATA. They will thus learn how Economists (and specifically the Council of German Economic Experts, but also the German Ministry of Finance, the European Central Bank, and the European Commission) measure the effects of monetary and fiscal policy interventions within the EMU.</p> <p>This is a course conducted in cooperation with the Walter Eucken Institute,</p>		

	a German economic research institute rated among the top 5 policy-oriented research institutions in Germany. The Walter Eucken Institute evaluates monetary and fiscal policy interventions.
Examination type	PL (Written Exam) <ul style="list-style-type: none"> <li>▪ 4 ECTS: 60 min.</li> <li>▪ 6 ECTS: 90 min.</li> </ul>
Literature	<b>REQUIRED READINGS:</b> <ul style="list-style-type: none"> <li>• Checherita-Westphal, C., Zdarek, V. (2017) Fiscal reaction function and fiscal fatigue. Evidence for the euro area, ECB working paper No. 2036.</li> <li>• Council of Economic Experts (2017/18) Annual Report 2017 (in preparation)</li> <li>• Council of Economic Experts (2016/17) Annual Report 2016</li> <li>• <a href="https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg201617/kurzfass_eng_2016_17.pdf">https://www.sachverstaendigenrat-wirtschaft.de/fileadmin/dateiablage/gutachten/jg201617/kurzfass_eng_2016_17.pdf</a></li> <li>• De Grauwe, P., The Economics of Monetary Union, Oxford, 2012.</li> <li>• Drazen, A., Political Economy in Macroeconomics, Princeton, 2000.</li> <li>• Greiner, A., Koeller, U. and Semmler, W. (2007), 'Debt sustainability in the european monetary union: Theory and empirical evidence for selected countries', Oxford Economic Papers 59(2), 194-218, 2007</li> <li>• Wooldridge, J.M. (2013) Introductory Econometrics. A Modern Approach, 5<sup>th</sup> edition, South-Western.</li> </ul>
Additional information & links	<a href="http://www.ordo.uni-freiburg.de/">www.ordo.uni-freiburg.de/</a>