

Prof. Dr. Michael Bolle

Seminar: Winter Term 19-20

*Modern Political Economics*

Session 2: Economics: Pure and Simple

A. Fundamentals

Axiom: Scarcity

Consequence: Decision making, opportunity costs

Methods: Logical thinking based on empirically valid models

B. Decisions: Macro and micro

(1) Allocation of resources

(2) Distribution of income and building of wealth

(3) Stability and Growth

**And this looks like that**

**Some Fundamentals I**

$$(1) \quad g = k \left[ \frac{I}{Y} \right]$$

$$(2) \quad \frac{S}{Y} = \frac{I}{Y}$$

g: Growth Rate of GNI  
k: Marginal Productivity of Capital  
I: Investment  
Y: GNI  
S: Saving

