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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