

**GRAD-C7: Economics I****1. General information**

Course Format	Onsite
Instructor(s)	Prof. Egon Tripodi
Instructor's e-mail	<a href="mailto:tripodi@hertie-school.org">tripodi@hertie-school.org</a>
Assistant	Ayamba Kwoyila ( <a href="mailto:kwoyila@hertie-school.org">kwoyila@hertie-school.org</a> )
Instructor's Office Hours	To schedule office hours with Egon Tripodi: <a href="https://calendly.com/egontripodi/oh">calendly.com/egontripodi/oh</a>

Link to [Study, Examination and Admission Rules and MIA, MDS and MPP Module Handbooks](#)

For information on **course room, times and session dates**, please consult the [Course Plan](#) on *MyStudies*.

**Instructor Information:**

Egon Tripodi is Assistant Professor of Economics at the Hertie School. Egon is an applied microeconomist, broadly interested in Behavioral, Public and Political Economy questions. His research uses lab, field and natural experiments to understand how incentives and the social environment shape behavior and beliefs. Before joining the Hertie School, Egon was a JILAEE Postdoctoral Research Fellow between the University of Chicago and the Universidad del CEMA in Buenos Aires, and an Assistant Professor of Economics at the University of Essex. He earned a PhD in Economics from the European University Institute in 2020 and holds a BS in Finance and an MSc in Economics from the University of Rome, Tor Vergata.

**2. Course Contents and Learning Objectives****Course contents:**

This course equips students with the essential knowledge and analytical tools needed to understand and address complex economic issues within the realm of public policy. Throughout the course, students will explore the factors that determine individual choice as well as the wealth of nations. They will gain insights into how economists extract meaningful insights from data, including the use of experiments and alternative indicators to measure well-being. The course delves into market dynamics, such as demand, supply, and equilibrium, and analyzes the impacts of government intervention through taxes, subsidies, and regulations. Students will also examine welfare, externalities, strategic interactions, labor markets, economic growth, household finance, central banking, and international trade.

**Main learning objectives:**

By the end of the course, students will possess a strong foundation in economics, enabling them to critically evaluate policy decisions and propose effective solutions to real-world economic challenges.

**Diversity Statement:**

Understanding and respect for all cultures and ethnicities is central to the teaching at Hertie. Being mindful of diversity is an important issue for policy professionals in the planning, implementation, and

evaluation of programmes designed for specific groups, populations, or communities. Diversity and cultural awareness will be integrated in the course content whenever possible.

### 3. Grading and Assignments

#### Composition of Final Grade:

<b>Assignment 1: Group problem set I</b>	Deadline: October 11, 1900h CET	Submit via Moodle	17.5%
<b>Assignment 2: Midterm exam</b>	Date: October 18, 900h-1100h CET	Submit in person	25%
<b>Assignment 3: Group problem set II</b>	Deadline: <b>November 15</b> , 1900h CET <small>moved to November 22</small>	Submit via Moodle	17.5%
<b>Assignment 4: Final exam</b>	Finals week – tbc	Submit in person	30%
<b>Participation grade</b>			10%

#### Assignment Details

##### **Assignment 1 and 3**

Problems sets may include economic modelling, multiple choice, and open-ended questions. Study groups will be set up by the instruction team on week II, and group members are expected to work on these assignments all together. The group representative will be responsible for submitting group assignment on Moodle. The norm is for all members of a group to receive identical grade for this assignment; however, we may have to deviate from this norm if specific members of a group do not contribute.

##### **Assignment 2**

The Midterm is a 2-hour closed-book exam covering lectures and labs from weeks 1 to 6.

##### **Assignment 4**

The Final is a 2-hour closed-book exam covering *all* lectures and labs.

##### **Participation grade**

Participation in lectures and lab sessions is mandatory. Students are expected to do the required readings before the lectures and actively participate in discussions. The participation grade assumes that students take part, not as passive consumers of knowledge, but as active participants in the exchange, production, and critique of ideas—their own ideas and the ideas of others. Therefore, students should come to class not only having read and viewed the materials assigned for that day but also prepared to discuss the readings and to contribute thoughtfully to the conversation. Participation is marked by its active nature, its consistency, and its quality. Lecture and labs may include short class quizzes that students will be asked to answer independently on Moodle. These quizzes are not graded, but completion counts towards the participation grade, for they serve diagnostic purposes both for the instructor as well as for the students themselves.

**Late submission of assignments:** For each day the assignment is turned in late, the grade will be reduced by 10% (e.g. submission two days after the deadline would result in 20% grade deduction).

**Attendance:** Students are expected to be present and prepared for every class session. Active participation during lectures and seminar discussions is essential. If unavoidable circumstances arise which prevent attendance or preparation, the instructor should be advised by email with as much

advance notice as possible. Please note that students cannot miss more than two out of 12 course sessions. For further information please consult the [Examination Rules](#) §10.

**Academic Integrity:** The instructor welcomes the use of chatGPT-like technologies to support (not replace) your research and writing, however these technologies are prohibited in closed-book exams. The Hertie School is committed to the standards of good academic and ethical conduct. Any violation of these standards shall be subject to disciplinary action. Plagiarism, misuse of AI, free riding in group work, and other deceitful actions are not tolerated. See [Examination Rules](#) §16, the Hertie [Plagiarism Policy](#), and [the Hertie Guidelines for Artificial Intelligence Tools](#).

**Compensation for Disadvantages:** If a student furnishes evidence that he or she is not able to take an examination as required in whole or in part due to disability or permanent illness, the Examination Committee may upon written request approve learning accommodation(s). In this respect, the submission of adequate certificates may be required. See [Examination Rules](#) §14.

**Extenuating circumstances:** An extension can be granted due to extenuating circumstances (i.e., for reasons like illness, personal loss or hardship, or caring duties). In such cases, please contact the Examination Office *in advance* of the assignment deadline.

#### 4. General Readings

The Economy, by The Core Team (first edition, open source, [link](#))

Principles of Economics, by Stevenson and Wolfers (MacMillan, first edition 2020)

#### 5. Session Overview

Course session times and dates can be found in the [Course Plan](#) on *MyStudies*.

Session	Session Title
1	The economic performance of nations
2	Demand and supply
3	Government intervention in markets
4	Welfare and externalities
5	Strategic interactions
6	Social dilemmas
7	Competition
Fall break: no class	
8	Labor markets
9	Growth
10	Household finance and banking
11	Central banking
12	International trade
Final Exam Week: no class	

## 6. Course Sessions and Readings

All course readings can be accessed on the course Moodle page.

<b>Session 1: The Economic Performance of Nations</b>	
<b>Required Readings</b>	The Economy, unit 1
<b>Key concepts</b>	<ul style="list-style-type: none"><li>◆ Income inequality</li><li>◆ Capitalism and the organization of society</li><li>◆ How economists learn from data: complexity, causality and (natural) experiments</li><li>◆ Measuring income and well-being (including alternatives to GDP, such as GNP, HDI Green GDP, NNP, Happiness indicators)</li></ul>

<b>Session 2: Demand and Supply</b>	
<b>Required Readings</b>	Principles of Economics, chapters 2-5*
<b>Key concepts</b>	<ul style="list-style-type: none"><li>◆ Demand</li><li>◆ Supply</li><li>◆ Market equilibrium</li><li>◆ Elasticity</li></ul>

<b>Session 3: Government Intervention in Markets</b>	
<b>Required Readings</b>	Principles of Economics, chapters 6 and 35*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Taxes and subsidies</li><li>◆ Incidence</li><li>◆ Price and quantity regulations</li><li>◆ Public spending, deficit and debt</li></ul>

<b>Session 4: Welfare and Externalities</b>	
<b>Required Readings</b>	Principles of Economics, chapters 7 and 10*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Welfare and market failure</li><li>◆ Positive and negative externalities</li><li>◆ Internalizing externalities</li><li>◆ Tragedy of the commons</li></ul>

<b>Session 5: Strategic Interactions</b>	
<b>Required Readings</b>	Principles of Economics, chapter 18*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ One-shot and repeated games</li><li>◆ Normal form and extensive form</li><li>◆ Best response and equilibrium in strategic settings</li><li>◆ Equilibrium multiplicity</li></ul>

### Session 6: Social Dilemmas

<b>Required Readings</b>	The Economy, unit 4
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Cooperation</li><li>◆ Conflict</li><li>◆ Hotelling and median voter</li><li>◆ Testing models of social interactions with experimental data</li></ul>

### Session 7: Competition

<b>Required Readings</b>	Principles of Economics, chapters 14 and 12.3*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ From perfect competition to monopoly power</li><li>◆ Collective bargaining and monopsonistic firms</li><li>◆ The role of competition authorities and modern challenges</li></ul>

### Session 8: Labor Markets

<b>Required Readings</b>	The Economy, unit 3 Principles of Economics, chapter 23*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ The labor-leisure tradeoff</li><li>◆ Aggregates and drivers of unemployment</li><li>◆ Future of work (advances)<ul style="list-style-type: none"><li>○ The gig economy and remote work</li><li>○ Women's labor force participation</li><li>○ Automation and AI</li><li>○ Skill gaps and reskilling</li><li>○ Aging workforce and declining births</li></ul></li></ul>

### Session 9: Growth

<b>Required Readings</b>	The Economy, unit 2
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Economic growth</li><li>◆ The Malthusian trap and the Escape</li><li>◆ Comparative development</li><li>◆ Puzzles of development (e.g. Euler equation puzzle, underinvestment in preventative health)</li></ul>

### Session 10: Household Finance and Banking

<b>Required Readings</b>	The Economy, unit 10
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Consumption smoothing</li><li>◆ Saving and investing over the life cycle</li><li>◆ Banking and principal-agent relationships</li></ul>

### Session 11: Central Banking

<b>Required Readings</b>	Principles of Economics, chapter 24 and 34*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Inflation</li><li>◆ Money</li><li>◆ Monetary policy</li></ul>

### Session 12: International Trade

<b>Required Readings</b>	Principles of Economics, chapters 28 and 9*
<b>Key Concepts</b>	<ul style="list-style-type: none"><li>◆ Currencies and the exchange rate</li><li>◆ Comparative advantages</li><li>◆ Imports and exports</li><li>◆ International trade policy</li></ul>

\*For each of these chapters, sections that are titled Tying it Together, Chapter at a Glance, and End of Chapter do not constitute mandatory readings.