



**CAPACITY-BUILDING OF THE GEORGIAN LEADERSHIP
COMMUNITY FOR IMPROVED DECISION-MAKING
AND NEGOTIATION SKILLS**

Economics for Public Policy

SYLLABUS

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Course Description and Objectives: Economics for Public Policy (EPP) will introduce the main principles of Economics to the participants. The aim of this course is to provide fellows with a basic knowledge of how economic policies are made and how the Economy as a whole works, decisions and interactions of people with regard to finances and goods. Topics include demand and supply analysis, public goods, externalities and their regulation, the data of macroeconomics, national income determination, taxation, national budget, monetary and fiscal policy.

This is a ten-hour introductory course designed for students with or without economic background. Although there are no specific prerequisites, this module is intended to be taught in conjunction with other training courses, specifically, cost-benefit analysis, policy analysis and crafting policy papers, trade policy and research methods.

Learning Outcomes

By the end of the course students should be able to:

- Discuss the different definitions of economics and approaches to economic policy.
- Understand economic policymaking process.
- Identify economic policy problem.

Course Requirements

- Attendance of all classes is mandatory and regular class participation is strongly encouraged.
- Completion of all the required readings *before* the class for which they are assigned.
- Completion of small assignments.

Required Books and Materials

Required:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian).

3. McConnell, Campbell R., and Stanly L Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005.
4. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003.

Occasionally, we may assign other readings in addition to those listed in this syllabus.

Course Evaluation and Procedures

- ✖ Multiple-choice Test (100%)

The test will be handed out in class at the end of the course

Course Schedule

Day 1 – Introduction (2 hours)

- How people make decisions
- How the Economy as a whole works
- Absolute advantage
- Opportunity cost and comparative advantage
- Supply, demand and government policies
- Private and public goods

Reading Assignment:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004, Chapters 1, 3, 4, 6, 11.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian). Chapters 1, 3, 4, 6, 11.
3. McConnell, Campbell R., and Stanly L. Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005, Chapters 2, 4, 7.
4. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003, Chapters 1, 2.

Day 2 – the Data of Macroeconomics (2 hours)

- Gross Domestic Product (GDP)
- Components of GDP: consumption, investment, government purchases, net exports
- Gross National Product (GNP)
- Net National Product
- National Income
- Nominal and real GDP
- Deflator, the consumer price index, inflation
- Unemployment

Reading Assignment:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004, Chapters 23, 24, 28.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian). Chapters 23, 24, 28.
3. McConnell, Campbell R., and Stanly L. Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005, Chapters 9, 10.
4. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003, Chapters 13, 14.

Day 3 – Taxation (2 hours)

- Fiscal policy
- Direct and indirect taxes
- Income and profit taxes
- Value added tax (VAT)
- Real estate tax
- Tax federalization

Reading Assignment:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004, Chapters 8, 12.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian). Chapters 8, 12.
3. McConnell, Campbell R., and Stanly L. Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005, Chapters 6, 8, 14.
4. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003, Chapters 9, 11.

Day 4 – National Budget (2 hours)

- Revenues and expenditures of the national budget
- Deficit and surplus
- Sources of the deficit
- Budget federalism

Reading Assignment:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004, Chapter 32.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian). Chapter 32.
3. McConnell, Campbell R., and Stanly L. Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005, Chapter 20.
4. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003, Chapter 20.

Day 5 – Money and Monetary Policy (2 hours)

- The meaning of money
- Banks and the money supply
- Central Bank
- Money supply, exchange rate and inflation

Reading Assignment:

1. Mankiw, N. Gregory. *Principles of Economics*. 3rd ed., South-Western, 2004, Chapters 29, 30, 31.
2. menkiu, gregori. *ekonomiks principebi*. diogene, 2007. (In Georgian). Chapters 29, 30, 31.
3. McConnell, Campbell R., and Stanly L. Brue. *Economics. Principles, Problems, and Policies*. 15th ed. McGraw-Hill/Irwin, 2005, Chapters 15, 16, 17.
4. Sloman, John, and Mark Sutcliffe. *Economics*. 5th ed. Prentice Hall, 2003, Chapter 18.