The process of economic integration after World War II has markedly intensified the interdependence of economic systems at all levels of aggregation, increasing the importance of spillover effects, both of positive ones (such as productivity spillovers) and negative ones (such as contagion effects). The first two lectures will consider selected approaches and applications to modelling spillover effects.

The third lecture is concerned with a macroeconomic topic that has received considerable attention in the wake of the recent financial (and subsequent debt) crisis, namely the (strengthening) of fiscal rules to improve fiscal outcomes (e.g. the fiscal compact, sick-pack). Partially ordered set (POSET) theory will be introduced as a means to calculate variables on the stringency of fiscal rules that can be described only by ordinal, a priori incomparable properties, and compared with the standard approach of using composite indices.

Reading list


