

Government Policies for Business

Module Number |
Degree | Master
Semester | Summer School
Course Type | Keynote course
Participation Limit | none
Creditable for | 2 SWS
Contact Hours |
Number of Credits | 2.5 ECTS
Language | English
Chair | AUDI guest professor
Lecturer | Prof. Dr. İrem Güçeri (University of Oxford)

Learning Outcomes

- Students appreciate the interaction between the free market and the government and gain an understanding of the role of government in the functioning of markets. Key concepts are efficiency and welfare.
- Students develop an understanding of different regulatory areas and the possible effects of regulation on business. As a business leader, what is the best way of responding to this wide range of policies implemented by different governments around the world?
- Students understand and appreciate the policies surrounding private sector's R&D and innovation and the ecosystem of innovation. This is composed of many inter-connected parts: on the one hand, the government and businesses interact; on the other hand, universities and research institutions may lead innovation in some sectors.
- Students become familiar with how businesses are taxed and can discuss the prominent issues in business taxation.

Module Content

- Introduction: the free market and negative externalities
- Government policy to support competition
- Protection of stakeholders: investors, employees and the role of the financial sector
- The free market in an international context – comparative advantage, the benefits and drawbacks of free trade
- Positive externalities: subsidies in the market for ideas
- Taxing business:
 - Longstanding issues in business taxation
 - International tax reform and the current policy agenda
- Government responses to support business during the global pandemic

Teaching Methods

- Lecture
- Group work
- Oral presentation

Grading

- 100% written assessment

Assessment criteria in detail

- Students will write an essay on the following topic (with a 2,000-word limit):
For a country of your choosing, pick a government intervention (regulation or a specific tax) in the functioning of free markets.
 - *Describe the intervention.*
 - *Discuss the rationale for this intervention and your assessment of whether this policy tool is suitable to meet its objectives.*

- *Discuss your assessment of how this government intervention affects the functioning of the free market. How does this policy impact business decisions and activities?*
- *Are there unintended consequences of the policy?*
- *Make recommendations to improve the impact of this policy.*

Average Workload

16 h = Time of attendance lecture [adding up the hours in your email; is this about right?]
 40 h = Preparation and postprocessing lecture
 0 h = Time of attendance tutorial
 0 h = Preparation and postprocessing tutorial
 16 h = Exam preparation
 72 h = Total workload

Previous Knowledge/Prerequisites

- Basic knowledge of economics and quantitative empirical methods.

Readings

Selected readings (a complete list will be announced prior to the summer school):

- Larry Fink, Chairman and CEO of Blackrock. Letters to CEOs:
 - 2020: “A fundamental reshaping of finance”, <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>
 - 2019: “Purpose and profit”, <https://www.blackrock.com/corporate/investor-relations/2019-larry-fink-ceo-letter>
- Angus Deaton, “Minimum wage redux”, Royal Economic Society Newsletter, April 2019.
- Pascal Lamy, “The Changing Landscape of International Trade”, Lecture at Princeton University, 2016; <https://pascallamy.eu.files.wordpress.com/2017/02/2016-04-07-lamy-princeton-graham-lecture-final.pdf>
- Güçeri, İrem, Marko Köthenbürger and Martin Simmler, “Supporting Firm Innovation and R&D: What is the Optimal Policy Mix?” 2020, EconPol Policy Report, March, Vol. 3.
- The Economist, “Time to Fix Patents”, Aug 8, 2015.
- Mirrlees, James, Stuart Adam, Timothy Besley, Richard Blundell, Stephen Bond, Robert Chote, Malcolm Gammie, Paul Johnson, Gareth Myles, and James Poterba (2011). Tax by Design: the Mirrlees Review, Oxford University Press, Oxford, chapters 13 and 17-19. <http://www.ifs.org.uk/mirrleesReview>.
- Fuest, Clemens. “Who bears the burden of corporate income taxation?”, ETPF Policy Paper 1. <http://www.etpf.org/papers/PP001CorpTax.pdf>
- Michael Devereux, İrem Güçeri, Martin Simmler and Eddy Tam (2020) “Discretionary fiscal responses to the COVID-19 pandemic”, Oxford Review of Economic Policy 36, Supplement 1, S225–S241. https://academic.oup.com/oxrep/article/36/Supplement_1/S225/5850184?login=true