


5 credits

30.0 h

Q2

Teacher(s)	Ertz Guy ;
Language :	French
Place of the course	Louvain-la-Neuve
Main themes	<p>During the course we will cover the main recent developments in international economics and relate these to a number of key international policy debates. We will focus on how economic theory evolved in response to the facts and figures in the real world. The course is based on the reference book P. R. Krugman and M. Obstfeld "International Economics: Theory & Policy"(2001) and is divided in two core parts: theory of international trade and international monetary economics. The first part aims at understanding the patterns of and gains from inter-national trade. Exchange rate markets and determination through interest rates and expectations are the main topics of the second part. We will also analyse some aspects of international policy coordination.</p>
Aims	<p>1 The aim of the course is to offer an up-to-date analytical framework that enables a better understanding of current events through the theory of international economics. Step-by-step we build a framework for communicating the lessons of traditional theory but also integrate the latest findings and approaches. We analyse both the real and monetary sides of the topics. We also offer for each part an overview of relevant data and policy analysis with several case studies.</p> <p>-----</p> <p><i>The contribution of this Teaching Unit to the development and command of the skills and learning outcomes of the programme(s) can be accessed at the end of this sheet, in the section entitled "Programmes/courses offering this Teaching Unit".</i></p>
Content	<p>The Ricardian model is probably the simplest model to study the pattern and gains from international trade. Even though some assumptions of the model are to some extent unrealistic, the main conclusions of the model - that countries will tend to export the goods in which they have a relatively higher productivity - has been validated by a number of empirical studies. We do also study some extensions of that model that will enable us to study the impact of resource differences between potential trade partners. Empirical evidence suggests that these differences have no or little impact on trade patterns. These models are however very useful as they allow to analyse the effects of trade on income distribution. Exchange rate markets and determination are the main topics of the second part. Short-term dynamics of exchange rates are driven by the so-called "interest rate parity" while long-term adjustments are driven by the "purchasing power parity". Based on the lessons of these short- and long term dynamics we will be able to address some of the key international policy debates. We will focus on exchange rate policies and more particularly on the dilemma that some countries face regarding the participation to the Euro zone common currency area.</p>
Bibliography	<ul style="list-style-type: none"> • P. R. Krugman et M. Obstfeld "Economie internationale", ed. DeBoeck, édition française (2001). • Lectures : The " Economist " : the big Mac Index et autres.
Other infos	<p>Introduction course on economics of the type "economie politique" Written exam. P. R. Krugman and M. Obstfeld "International Economics: Theory & Policy"(2001) Among others The "economist" on Big Mac index. On demand</p>
Faculty or entity in charge	PSAD

Programmes containing this learning unit (UE)				
Program title	Acronym	Credits	Prerequisite	Aims
Master [120] in Political Sciences: International Relations	SPRI2M	5		
Master [60] in Political Sciences: General	SPOL2M1	5		