

Faculty of Economic, Social and Political Sciences



ESPO1111 Political Economics

[60h+30h exercises] 8 credits

Teacher(s): Paul Belleflamme, Philippe De Villé, Pierre Dehez, Jean Hindriks, Chantal Kegels, Xavier Wauthy
Language: French
Level: First cycle

Aims

Economists have their own way of studying economic and social reality which can be depicted adequately, without immediately going into details of the sometimes too abstract micro-economic consumer, producer and general equilibrium theory and theoretical models of macro-economics (i.e. IS-LM).

This introductory course in Political Economics gives an outline of economic principles and of what it is really important to know when embarking on an Economics course. The course adopts an inductive approach, in the sense that the starting point lies in putting questions which challenge the students directly, in order to introduce important concepts in Economics and illustrate its specific characteristics. Thus the course aims to answer the following questions: What are market forces? Why, in certain circumstances, is the market an effective way of organizing economic activity? What are the advantages and limitations of free trade? How does tax influence market mechanisms? What is the role of currency? How can the different standards of living in the world be explained? What is the role of the state in a market economy? The course also discusses the role of economists in economic policy. This inductive approach contrasts radically with the deductive approach of the Micro and Macro-Economics courses. The two different approaches are highly complementary and beneficial for those wishing to continue with the ECGE degree, and the inductive approach will enable the others, less inclined to formalisation, to understand the major principles of Economics and economists' particular way of thinking.

Main themes

Part 1: Core component (4 ECTS)

1) introduction [TC]

" Overview of global, European and Belgian Economics.

" The ten principles of Economics (advisability cost, marginal reasoning, incentives, free trade, resource allocation, public intervention, etc.)

" Thinking like an economist (understanding how economists apply scientific methods, discovering how economic models illuminate the world, distinguishing between micro and macro-economics, distinguishing between normative and positive statements, distinguishing between value judgements and scientific judgements, understanding disagreements between economists#)

" Interdependence and exchange rates

2) how markets function [TC]

" Supply and demand: the strengths of the market

" The elasticity concept and its applications

" Efficiency of the markets: the invisible hand

" Applications: The effect of taxes and international trade

3) the role of the state and strategic behaviour [TC]

" external effects and its applications

" Public assets and free riders

" Common resources and the Tragedy of the Commons

" Redistribution, inequality and poverty alleviation

" collective choices and the vote.

4) the labour market [TC]

" The phenomenon of unemployment: voluntary or involuntary?

" minimum wage or subsidy to employment and discrimination.

5) national accounting [TC]

" Macroeconomic data: income and national product

" National product and economic prosperity

6) open economics [TC]

" Basic concepts: comparative advantages, equal investment and exports, real and nominal exchange rates #

" protectionism and North-South exchange.

Part Two

7) business behaviour

" Business competition

" Imperfect competition: monopolies and oligopolies

" Monopolies and competition

" Policies on competition and market regulation

8) long-term real economics

" Production and growth

" Saving, investment and financial systems

" Natural unemployment rate

9) currency and inflation

" The monetary system and currency functions

" Banking systems and currency supply

" Inflation and hyperinflation: causes and costs

10) short-term fluctuations

" Global supply and demand

" Inflation versus unemployment

11) economic politics

" Budgetary policy

" Tax policy

" Monetary policy

12) Controversies in Economics

" Economic policies

" European questions

Other information (prerequisite, evaluation (assessment methods), course materials recommended readings, ...)

ESPO1111 (A+B) and DROI 1007 (DROI11BA) full equivalence: approved by the Faculty on 30 June 2004

Other credits in programs

ECGE11BA	Première année de bachelier en sciences économiques et de gestion	(8 credits)	Mandatory
FSA12BA	Deuxième année de bachelier en sciences de l'ingénieur, orientation ingénieur civil	(8 credits)	
GEOG12BA	Deuxième année de bachelier en sciences géographiques	(8 credits)	Mandatory
HUSO11BA	Première année de bachelier en sciences humaines et sociales	(8 credits)	Mandatory
INGE11BA	Première année de bachelier en ingénieur de gestion	(8 credits)	Mandatory
MULT21MS	Première année de master en communication multilingue, à finalité spécialisée en langues des affaires	(8 credits)	
MULT22MS	Deuxième année de master en communication multilingue, à finalité spécialisée en langues des affaires	(8 credits)	
POL21/AP	Première licence en sciences politiques (Affaires publiques)		
POL21/RI	Première licence en sciences politiques (Relations internationales)		
SINF11BA	Première année d'études de bachelier en sciences informatiques	(8 credits)	Mandatory
SINF12BA	Deuxième année d'études de bachelier en sciences informatiques	(8 credits)	
SINF1PM	Année d'études préparatoires au master en sciences informatiques (60 et 120)	(8 credits)	Mandatory