

Faculty of Economic, Social and Political Sciences



ESPO1111B Political Economics (Part 2)

[20h+20h exercises] 4 credits

Teacher(s): Paul Belleflamme
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

- 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