

International Economics

Programs: B.Sc. Economics; M.Sc. AAT; others: see unisono

Time: Thursday, 10.15 – 11.45
Friday, 08.30 – 10.00

Room: US-A 120
online via webex;

Start: April 10
Start: April 11

<https://uni-siegen.webex.com/uni-siegen/j.php?MTID=mde6bede5500e79adcd18d8f7dd26ce50>

online sessions will be recorded and then uploaded on sciebo:
<https://uni-siegen.sciebo.de/apps/files/?dir=/&fileid=154206904>

Learning outcomes:

This course analyses the interdependence between international economic relations of a country and its important aggregate economic magnitudes (production, income, prices, saving, interest rate, foreign assets and debt). In a first step, the students learn how to describe a country's international economic relations (so-called ex-post analysis); this is based on macroeconomic accounting relations, most of all the balance of payments, the international investment position and the national income accounting. Based on theoretical models, students then learn to explain those macroeconomic outcomes and make predictions on the impacts of certain impulses (so-called ex-ante analysis). Following standard modern macroeconomic practice, the models start from microeconomic analysis of individual behaviour.

Exam:

Written exam of 90 minutes, based exclusively on the course of this semester. On my website, students find exams (including solutions) of previous years; they provide an impression of the style of the exam and also indicate how I expect you to solve the exam problems. So, there should be no surprises – neither concerning the style nor the content of the exam.

Contents:

§ 1 Introduction

Part 1: Reporting International Economic Relations: Selected Aspects

§ 2 International Economic Relations: Aggregate Accounting Systems

§ 3 World Trade: An Overview from an American Perspective

§ 4 Trade of the European Union

Part 2: International Microeconomics: Trade without Money

§ 5 Causes and Consequences of International Trade: An Overview

§ 6 International Demand-Side Differences

§ 7 International Supply-Side Differences: Labor Productivity in International Trade

Part 3: International Financial Economics: Money, Exchange Rates, and Interest Rates

§ 8 Foreign Exchange Markets: Currencies and Exchange Rates

§ 9 Purchasing Power Parity: Exchange Rates and Inflation Rates

§ 10 Interest Rate Parities: Exchange Rates and Interest Rates

Part 4: International Macroeconomics: Interactions between International Economic Relations and Domestic Aggregate Variables

§ 11 Accounting Implications of International Economic Relations for National Aggregates

§ 12 Income and Trade Balance in the Short Run

§ 13 Sectoral Prices, Exchange Rates, and External Balances

§ 14 Money, Price Level, and the Official-Settlement Balance: the Price-Specie Flow Mechanism

Bibliography:

Krugman, P. R. / Obstfeld, M. / Melitz, M. J. (2022): International Economics: Theory & Policy. 12th ed. London [or: 11th ed. 2018, 9th ed. 2012].

Markusen, J. R. / Maskus, K. (2011): International Trade: Theory and Evidence. Unpublished Manuscript, University of Colorado.

Marrewijk, Ch. van (2012): International Economics. Theory, Applications, Policy. 2nd ed. Oxford.