International Economics I

ECTS: 15

KSL Root Number: 441667

This is an introductory course to International Microeconomics, International Trade, International Macroeconomics, and the basics of econometrics in combination with the use of the statistical software STATA. Before the beginning of the course there will be an introductory two days session on Maths and Statistics.

Students will be introduced to the monetary aspects of a country's international economic transactions and will come to understand important concepts like the balance of payments, the exchange rate, currency markets, international capital mobility, purchasing power parity, and interest rate parity, enabling them to better understand and interpret recent developments in international financial markets and to understand the implications for government policies and markets. Economic policy options available to governments in the present era of economic globalisation, in particular, with respect to international currency systems (flexible vs. fixed exchange rates, currency unions) will also be addressed.

A further goal of the course is to gain a basic understanding of the most important economic theories on micro-economics and international trade and to become familiar with the stylised facts on international trade. Students should acquire enough knowledge to be able to formulate a well-founded opinion about specific topics in the international trade literature such as the arguments for and against protection in the era of global value chains and the position of developing countries in international trade. To enable students to understand the basic economics international trade literature some introductory topics in economics will also be discussed such as demand and supply, consumer theory, and market structures.

The rationale underpinning this econometrics portion of the course offer is two-fold:

First, learning about empirical approaches to the study of international trade will enable students to interpret output tables in academic research papers and work with their own datasets. The lessons learned from the econometrics module can then be used in subsequent economics courses in the MILE programme and provide an added-value to students when working on take-home essays or their specific thesis projects.

Second, beyond the confines of the MILE programme, students will acquire skills in using the statistical software STATA, which is in high demand among employers both in the private and public sector. The course will begin with the basics of data analysis where students will learn how to feed data into the statistical software STATA, to calculate descriptive statistics and to plot graphics of interest. These introductory lectures will be followed by lectures on the most simple linear regression models and the procedure of statistical inference. Throughout the course, emphasis will be placed on the intuition behind econometric analysis. The main goal will be to communicate to students the merits of using a certain model as well as the main procedures through which results are obtained.