

## **International Economic Issues - Syllabus**

**Lecturer : Julien Brault**

### **The lecturer**

Julien Brault is Research Officer at the European Investment Bank. Holding a PhD from the Graduate Institute of International and Development Studies of Geneva, graduated from SciencesPo Paris, he also worked in the Economics departments of the European Investment Bank, the European Central Bank, and SciencesPo. His researches deal with international economic relations, international political economy, economic history, international finance and trade, development issues, and energy. His PhD thesis dealt with the international transactions of France in the 20th century, notably trade protectionism and foreign exchange control.

### **Introduction**

The goal of this class is to initiate students to the main international economic issues. The evolution of the international economic system in history, its main actors, institutions and crises, in emerging and developed countries, are first presented. The international financial, trade and monetary aspects of the "Great Recession" since 2008 are then analysed in order to give the students keys to understand the great contemporary issues. Finally, the future possible great international economic issues are analysed in a spirit of prospective, notably the international imbalances in terms of revenues, debt, energy and governance.

Some useful textbooks for the class :

Razin, Assaf, *Understanding Global Financial Crises*, MIT Press, 2015

Krugman, Paul, *International Economics : Theory and Policy*, Pearson, 2014

### **Part 1 : The Foundations of the International Economic System**

#### **Class 1 : Presentation of the class – International economic systems in history**

This class presents the general logic of the class and what is expected of students. The main periods of the international economic system since the 19th century are then presented.

Themes : The Gold Standard system - The Bretton Woods system - The evolution of international trade since 1789

Flandreau, Marc, Le Cacheux, Jacques and Zumer, Frédéric, “Stability without a Pact ? Lessons from the European Gold Standard, 1880-1913”, SciencesPo, 1998

Eichengreen, Barry, and Flandreau, Marc, “The Rise and Fall of the Dollar, or How and When it replaced the Sterling as the Leading International Currency”, NBER, 2008

Eichengreen, Barry, « The Bretton Woods System », in Parker, Randall, and Whaples, Robert, *Routledge Handbook of Major Events in Economic History*, 2013

## **Class 2 : The great crises and the construction of the international economic system (1789-2007)**

The main past crises of the system are presented. We will analyse the way they structured the international economic system.

Themes : The international propagation of the Great Depression - The Oil Shocks, a new international economic balance ? - The international management of the Asian Crisis, success or failure ?

Aliber and Kindleberger, *Manias, Panics and Crashes*, Palgrave Macmillan, 2011

Kindleberger, Charles, *The World in Depression*, Berkeley, 1973

Haggard, Stephan, *The Political Economy of the Asian Financial Crisis*, 2000

## **Class 3 : International economic institutions and actors today**

The contemporary institutional architecture of the international economic system is here presented. The role of the different institutions is presented in link with the great contemporary issues.

Themes : The international trade system today : globalization under fire ? - The international monetary system and the main central banks - The great international economic and financial institutions (IMF, WTO, OECD, Fed, ECB...)

Wyplosz, Charles (ed.), *The New International Monetary System. Essays in honor of Alexander Swoboda*, Routledge, 2010

Hoekman, Bernard, and Kostecki, Michel, *The Political Economy of the World Trading System : the WTO and beyond*, New York, 1995

Hugot, Jules, “Trade Costs and the Two Globalizations : 1827-2012”, SciencesPo, 2015

## **Class 4 : The issue of international economic development today**

This class replaces the issue of development in international economic relations. It examines the contemporary changes in terms of development systems and their stakes.

Themes : The great strategies of international development - The Washington consensus and its critiques - The international development institutions and their role (World Bank, UNDP...)

Lucas, Robert, « Why doesn't Capital flow from Rich to Poor Countries ? », *American Economic Review*, 1990

Krueger, « The Political Economy of the Rent Seeking Society », *The American Economic Review*, 1974

Williamson, John, « Did the Washington consensus fail ? Speech to the Center for Strategic and International Studies », 2012

## **Part 2 : The Great Recession of 2008 and its International Stakes**

### **Class 5 : From the American financial crisis of 2008 to the international trade crisis**

Here, the subprimes crisis is analysed in its main moments and its international repercussions. We will put the stress on the international propagation channels of the crisis.

Themes : The American subprime crisis and the contemporary regulatory answers - The international expansion of the subprime crisis and its mechanisms - The evolution of international trade since 2008

Tresselt and Igan, "A Fistful of Dollars : Lobbying and the Financial Crisis", IMF, 2009

Irwin, "Avoiding 1930s-style Protectionism. Lessons for Today", Insights, 2009

Eichengreen, Barry, Ashoka, Mody, and Luio, Sarno, « How the Subprime Crisis went global : Evidence from Bank Credit Default Spreads », Journal of International Money and Finance, 2012

### **Class 6 : From the international trade crisis to the public finance crisis**

This class deals with the issue of the link between the fall in international trade since 2008 and the different debt crises of developed countries, especially in Europe and Greece.

Themes : The debt crisis in Europe - The evolution of public debt in the world in the long run - The international role of rating agencies

Eichengreen, Barry, "Macroeconomic and Financial Policies Before and After the Crisis", in Obstfeld, Maurice, Cho, Doughul and Mason, Andrew, *Global Economic Crisis : Impacts, Transmission and Recovery*, Elgar, 2012

Reinhart, Carmen, and Rogoff, Kenneth, *This Time is Different : Eight Centuries of Financial Folly*, Princeton, 2009

Flandreau, Marc, Flores, Juan, Gaillard, Norbert and Nieto-Parra, Sebastian, "The End of Gatekeeping : Underwriters and the Quality of Sovereign Bonds Markets, 1815-2007", NBER, 2009

### **Class 7 : From the public finance crisis to the international monetary crisis**

The stress is here put on the euro crisis, its recent evolutions, and the evolutions of international monetary policies.

Themes : The ECB and the divergences of development levels in the eurozone - The reform projects of the eurozone - International cooperations between central banks, heritage and mutations

Doutriaux et Lequesne, *Les institutions de l'UE après la crise de l'euro*, La Documentation française, 2013

Quaglia, Lucy, *The European Union and Global Financial Regulation*, Oxford University Press, 2014

Beach, *The dynamics of European Integration. Why and when Institutions Matter*, Palgrave Macmillan, 2005

### **Class 8 : The effects of the crisis of 2008 on emerging countries**

The great contemporary economic issues of emerging countries are presented in the wake of the 2008 crisis.

Themes : The current Chinese crisis - India and the new paths of international development - International trade integration in Africa - Brazil, between continental dominance and instabilities

Eichengreen, Barry, Ito, Hiro and Chinn, Menzie, “Rebalancing Global Growth”, in Canuto, Otaviano and Leipziger, Dani, *Ascent After Decline : Regrowing Global Economies After the Great Recession*, World Bank, 2012

Nabeshima, Kaoru and Perkins, Dwight, *Dancing with Giants : China, India, and the Global Economy*, World Bank, 2007

Ewards, Lawrence, “Rising Tide, Is Growth in Emerging Countries Good for the United States ?”, Peterson Institute for International Economics, 2013

### **Part 3 : The Great International Imbalances and the Future of the International Economic System**

#### **Class 9 : Revenues and debt, the great international imbalances**

The issue of rising international imbalances in terms of revenues and leverage is here presented.

Themes : The international issues of income inequalities - Household leverage and international instability - International financial imbalances : banks and companies

Jones, Charles, “On the Evolution of the World Income Distribution”, *Journal of Economic Perspectives*, 1997

Piketty, Thomas, and Saez, Emmanuel, *The evolution of top incomes: a historical and international perspective*, NBER, 2006

IMF, “Growth and the Importance of Sequencing Debt Reduction across Sectors”, 2014

#### **Class 10 : Inequalities and economic frailties in emerging countries**

The great international imbalances in terms of growth, poverty and population flows are here presented.

Themes : Growth scenarios, horizon 2050 - Poverty in the world today - Migrations and international financial flows

Lin and Chang, “Should Industrial Policy in Developing Countries Conform to Comparative Advantage or Defy it ? A Debate between Justin Lin and Ha-Joon Chang”, *Development Policy Review*, 2009

Michel, Beine, Docquier, Frédéric, et Rapoport, Hillel, “Brain Drain and Human Capital Formation in Developing Countries : Winners and Losers”, *The Economic Journal*, 2008

Rodrik, Dani. *Trade policy and economic performance in Sub-Saharan Africa*, NBER, 1998.

#### **Class 11 : International energy systems and climate negotiations**

The great world energy issues and the international climate negotiations are here presented.

Themes : The role of big energy companies in the world - Kyoto protocole or carbon market, which international model ? - Infrastructure, energy and growth in emerging countries today

Maffei, Benoit, Greggio, Christophe, *Le pétrole. Le troisième choc et la malédiction pétrolière*, *Economica*, 2014  
article sur le marché carbone

Convery, Frank, Ellerman, Denny et de Perthuis, Christian, « The European Carbon Market in Action : Lessons from the First Trading Period », *Journal for European Environmental and Planning Law*, 2008

Perthuis (de) et Trottignon, « COP21, quelles chances de succès ? », Politique étrangère, 2015

## **Class 12 : Towards a reform of international economic governance ?**

The different issues linked to the possible reforms of the international economic system are here presented.

Themes : The yuan, future great international currency ? - Governance scenarios for Europe - The reform of the IMF and its stakes

Eichengreen, Barry, "China's exchange rate regime : the long and short of it", in Calomiris, Charles, *China's Financial Transition at Crossroads*, Columbia, 2007

Jamet, "L'Europe peut-elle se passer d'un gouvernement économique ?", Réflexe Europe, La documentation française, Débat, 2001

Truman, *A Strategy for IMF reform*, Peterson Institute, 2006