# International Economics

## Tamar Taralashvili

***COURSE AIMS AND INTENDED LEARNING OUTCOMES***

The aim of this course is to familiarise students with the key concepts of international trade and international finance. The course introduces students to theories by which they can understand patterns of international trade, address the complexities and interdependencies of economic activity in a rapidly changing world, understand and interpret the behavior of the exchange rates, and critically evaluate policy decisions such as trade agreements, tariff and tax imposition, and monetary policy.

At the end of the course, students will:

1. know and understand the key theories, models, concepts, and tools of international trade for explaining interactions between countries and economic regions and understanding real-world economic behaviour
2. be able to assess the possible outcomes of various trade policy instruments and analyse the implications of trade liberalisation
3. gain knowledge of the main facts related to the recent trends of globalisation, the institutions of the global trading system and the main patterns of economic integration
4. be able to explain some of the simple relationships that exist between money, exchange rates, price levels and interest rates
5. develop appropriate technical and linguistic skills to express their views clearly and effectively on topics related to international trade and international monetary economics

### **COURSE CONTENT**

1. Introductory session
2. International trade and impediments to trade (Gravity model of trade)
3. The Ricardian model
4. Heckscher-Ohlin model
5. Specific factors and income distribution
6. Instruments of trade policy
7. Arguments for and against trade protection
8. World trade arrangements and the WTO
9. Globalisation, its benefits, and discontents
10. National income accounting and the balance of payments
11. Exchange rates and the foreign exchange market
12. Economic Integration (case of the EU economic-monetary integration)

### **READING LIST**

P. Krugman-M. Obstfeld-M. Melitz, International Economics: Theory and Policy, Eleventh Edition, Pearson, 2018

Information about chapters to study and additional teaching materials prepared by the lecturer will be available on Blackboard.

### **TEACHING METHOD**

Lectures.

### **ASSESSMENT METHOD AND CRITERIA**

Students are assessed through a written exam consisting of theoretical questions and numerical exercises on the entire course program.

* Students can split the exam in two parts, a partial examination and a final examination or simply have one general exam at the end of the course. Both will contribute equally to the determination of the final mark.
* Attending students can also form groups and give a presentation on a topic indicated by the lecturer. The group works can bring a maximum of two points - for determining the final mark together with a written exam and is valid until the exam session in July.
* To pass the assessment, students will have to get at least 18/30.

Further information will be available on Blackboard.

***NOTES AND PREREQUISITES***

Prerequisites

Microeconomics, macroeconomics, mathematics.

The prerequisites are essential for an adequate understanding of the lectures. Students who do not have the prerequisites are requested to contact the lecturer before the course starts. Attendance and active participation in class are strongly recommended.

Further information can be found on the lecturer's webpage at https://docenti.unicatt.it/ppd2/it/docenti/88377/tamar-taralashvili/didattica, or on the faculty notice board.