**International Economics (Commerce and Finance)**

## Prof. Daniela Maggioni

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

The course aims to provide students with the key concepts to understand and interpret the most relevant trends of globalisation, through the application of advanced micro and macroeconomic models.

Furthermore, the course will explore the main theoretical and empirical contributions of economic research in the field of international trade and open macroeconomics, with a focus on the development of trade flows, the effects of trade on the countries involved in these flows, the role played by trade policies, the definition of the current account balance, and the evolution of exchange rates.

At the end of the course, students will be able to:

1. understand the most relevant and advanced international trade models, and therefore interpret the evolution of trade between different countries, and its micro and macroeconomic effects on the economies involved in the exchange.
2. identify the main determinants of current accounts, and the key theoretical models for the determination of exchange rates.
3. interpret empirical evidence on the phenomena explained in class, and study complex economic models that could help them in the analysis of the latest and the future international economic scenarios.
4. carry out independent assessments on important issues related to international economics.
5. acquire the proper technical and linguistic skills they need to express, in a clear and efficient way, their point of view on topics related to international trade and open macroeconomics.

***COURSE CONTENT***

1. The key elements of international trade and the role played by comparative advantage.
2. Increasing returns to scale, product differentiation, and intersectoral international trade.
3. The heterogeneous character of companies and international trade: competition, selection, and intersectoral reallocation.
4. International trade and foreign direct investments (FDI). Offshoring and the international fragmentation of production.
5. Gravity models of international trade.
6. Effects of international trade on the labour market.
7. Effects of international trade and FDI on productivity and innovation.
8. Relationship between trade and environment
9. The current account balance, an intertemporal approach.
10. Real exchange rate, and purchasing power parity
11. Nominal exchange rate.

***READING LIST***

The course will be based on the following textbooks:

R.C. Feenstra, *Advanced International Trade,* Princeton and Oxford, Princeton University Press, 2004.

E. Helpman, *Understanding Global Trade,* Harvard University Press, 2011.

M. Obstfeld-K. Rogoff, *Foundations of International Macroeconomics,* MIT Press, 1996.

Details on chapters and scientific papers to be studied and study material provided by the lecturer will be available on Blackboard.

***TEACHING METHOD***

The course is taught through frontal lectures and makes use of modern teaching tools, through the Blackboard platform, which allow forms of active participation.

***ASSESSMENT METHOD AND CRITERIA***

Written exam, consisting in:

a written test based on theoretical questions and numerical exercises on the course programme.

 Alternatively, students will have the possibility to take two interim tests (in this case, each test will determine 50% of the final mark) – the first one during the mid-term week in the first semester, while the second one will be held during the official exam session in January. The tests will be open to all students. The exam aims at assessing students’ knowledge of theory and their ability to apply the acquired concepts and tools to the analysis of the main issues related to international trade and open macroeconomics. The assessment of the written test will take into consideration students’ argumentative skills, analytical rigour and their use of appropriate technical language.

Student can choose to make a group work concerning a topic linked with the course contents, that will allow to get up to 3 scores to be added to the final grade of the written exam.

Further information will be made available on Blackboard.

***NOTES AND PREREQUISITES***

*Prerequisites*

In order to get the most out of this course, students should have a basic knowledge of mathematics, microeconomics, and macroeconomics, which is usually acquired during the courses of the previous years. Furthermore, the course will be based on some key concepts of statistics and econometrics.

These prerequisites are fundamental for an adequate understanding of lectures. Students who don’t meet these requirements are invited to contact the lecturer before the beginning of the course. Class attendance and active participation in class are highly recommended.

Further information can be found on the lecturer's webpage at http://docenti.unicatt.it/web/searchByName.do?language=ENG, or on the Faculty notice board.