# International Economics (Advanced International Trade and Macroeconomics)

## Prof. Marco Lossani; 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 economy macroeconomics, with a focus on the determinants and the effects of international trade flows, on current account sustainability, and on the evolution of exchange rates.

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

1. develop their knowledge and understanding of the most relevant and advanced theories on the trends and effects of trade and financial flows between countries;
2. develop their knowledge and understanding of issues concerning (real and financial) international markets;
3. develop their knowledge and understanding of academic research papers, and present their results to both specialist and non-specialist audiences;
4. carry out new research activities in the field of international trade and open macroeconomics.
5. identify new research fields on international economics, and use empirical tools to verify the theories based on real data;

***COURSE CONTENT***

1. Trade models: i) comparative advantage ii) increasing returns to scale and product differentiation iii) firm heterogeneity and inter-industry reallocation.

2. Effects of international trade and foreign direct investment on productivity and innovation.

3. Effects of international trade on labour markets.

4. International trade flows and environment.

5. The intertemporal approach to the current account.

6. Real exchange rate and TNT model.

7. Nominal exchange rate and currency regimes.

8. Currency and foreign debt crisis

9. European Monetary Union

***READING LIST***

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.

S. Schmitt-Grohe’, M. Uribe, M.Woodford, *International Macroeconomics*, Princeton University Press, 2022.

Further teaching material will be made available on Blackboard.

***TEACHING METHOD***

Frontal lectures.

***ASSESSMENT METHOD AND CRITERIA***

Students can choose between a “multiple assessment route” and a “single assessment ruote”.

Single assessment route

Written exam, open ended questions on the whole program, ninety minutes long. The exam will include both theoretical questions and numerical exercises on the course programme.

Multiple assessment route

Two partial written exams, each fourtyfive minutes long, both concurring on equal terms to the definition of the final grade. The mid-term test will be organized during the break of the second semester; the second test will be organized at the end of the second semester (students that pass the mid-term can complete the exam sitting in the first or in the second appello, but not in both). Student can pass the exam if and only if they obtain no less than 18/30 in each test.

***NOTES AND PREREQUISITES***

*Notes*

Class attendance and active participation in class are highly recommended.

*Prerequisites*

Advanced microeconomics and macroeconomics, static and dynamic optimisation, advanced 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 lecturers before the beginning of the course.

*Office hours*

The teachers will meet students in their offices (rom 300 and room 305) located in Via Necchi 5, IIIrd Floor (Department of Economics and Finance).