**International Economics**

## Prof. Marco Lossani; Prof. Daniela Maggioni

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

The course aims to provide a conceptual framework to understand – at an introductory level – the key topics related to the globalisation process. The first part aims to allow students to acquire a basic knowledge of the main determinants and implications of international trade. The second part will examine the tools and models for the analysis of the problems related to international monetary economics. The theoretical lectures will be supported by references to concrete examples taken from the latest trends of international economics.

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

1. know and understand the key international trade models that can be used to interpret, in the medium-long term, the evolution of international commercial exchanges.
2. know and understand the key international monetary economics models that can be used to interpret the evolution, in the short-medium term, of the income produced by an economy that is open to international relations.
3. know and understand some of the simple relationships existing between exchange rates and other fundamental elements, such as the level of prices and interest rates.
4. use their newly-acquired knowledge and skills for the analysis of the main topics related to real and financial globalisation;
5. get familiar with technical language and some theoretical models, in order to communicate, in a clear and effective way, their newly-acquired knowledge.

***COURSE CONTENT***

The course is divided into two parts:

*The Pure Theory of International Trade.* Stylised facts on globalisation. Models of comparative advantage: productivity, factor endowments and international trade. The Krugman-Melitz model: economies of scale and international trade. Multi-national enterprises and Foreign Direct Investments. The tools of commercial policies. The costs and benefits of protectionism, multilateral and bilateral negotiations.

*International Monetary Economics*. The key elements of the balance of payments: current account and financial account. The link between the balance of payments, the exchange rate regime, and monetary policy. The links between interest and exchange rates: covered and uncovered interest rate parity. The links between prices and exchange rate: the law of one price and purchasing power parity. The violation of the purchasing power parity condition. The determinants of real exchange rate. Internal and external balance; adjustment and financing. Two case studies: the process of european integration and the process of globalisation.

***READING LIST***

1. P. Krugman-M. Obstfeld-M. Melitz, *Economia Internazionale, Teoria e Politica del Commercio Internazionale*, Pearson, Addison Wesley, Milan, 2019 (11th edition).
2. P. Krugman-M. Obstfeld-M. Melitz, *Economia Internazionale, Economia Monetaria Internazionale,* Pearson, Addison Wesley, Milan, 2019 (11th edition).

Slides and further teaching material will be made available on Blackboard.

***TEACHING METHOD***

The course will consist in frontal lectures and practical activities, and it will be supported by the use of Blackboard and the latest teaching tools allowing the active participation of students in class.

***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 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, while 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). In order to pass the exam, students will have to get at least 18/30 in both tests.

Further information will be made available on Blackboard.

***NOTES AND PREREQUISITES***

*Notes*

Class attendance and active participation in class are highly recommended.

*Prerequisites*

A good knowledge of microeconomics and macroeconomics.

These prerequisites are essential for an adequate understanding of the course content. The students who lack this knowledge are invited to contact the lecturer before the beginning of the course.

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.