# International Economics

## Prof. Paola Rossi

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

The aim of the course is to introduce the main topics of international economics. In order to understand macroeconomic equilibrium in an open economy, the course will analyse the balance of payments, the determinants of exchange rates and interest rates at the international level, the impact of different exchange rates regimes on monetary policy. A module will be dedicated to the evolution of the international monetary system and to the theory of optimal currency areas, also in relation to the introduction of the euro. Basic knowledge of the theory of international trade will also be provided. Theoretical models will be explained alongside empirical evidence. By the end of the course, students will be familiar with the determinants of international trade and capital flows.

***COURSE CONTENT***

The course will follow the textbook "International Economics", 11th edition or later, by Krugman, Obstfeld, Melitz. The following topics will be covered:

Part 1 – *Macroeconomics in an open economy* (Volume 2)

* National accounts and the balance of payments (Chapters 1 and 2)
* Interest rates and exchange rates (Chapters 3 and 4)
* Short- and long-term dynamics (Chapters 5 and 6)
* Fixed exchange rates and monetary policy (Chapter 7)
* Evolution of the International Monetary System, the theory of Optimal Currency Areas and the Euro (Chapters 8 and 10)

Part 2 – *International trade* (Volume 1)

* Introduction (Chapters 1 and 2)
* The principle of comparative advantage (Chapter 3)
* Heckscher-Ohlin and specific-factors models (Chapters 5 e 4)
* Scale economies and international trade (Chapter 7)
* Overview of Outsourcing, multinational Corporations, and global value chains (Chapter 8)

***READING LIST***

Krugman-Obstfeld-Melitz , *Economia Internazionale,* 11th edition or later, Pearson

***TEACHING METHOD***

Frontal lectures, using slides and the blackboard.

***ASSESSMENT METHOD AND CRITERIA***

Written assessment consists of closed questions, true/false, open-ended questions and exercises. The final mark is expressed in thirtieths. Students attending classes will have the possibility to take a partial exam around the middle of the course, that will cover the topics explained during the first part of the course. The second partial assestment will be at the end of the course (or at the first exam of the summer session) and will focus solely on the second part of the program. Those who have passed the first partial assessment will be able to complete the exam during the second partial assessment or during the summer session of examinations. By registering for the general assessment, students will automatically refuse the mark obtained during the first part of the examination.

***NOTES AND PREREQUISITES***

In order to understand the topics explained during the couse, students should have a background in microeconomics and macroeconomics.

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.

Prof. Paola Rossi receives students by appointment to be defined by email.