International Economic Policies

## Prof. Simona Beretta

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

The course aims to strengthen students’ awareness of the growing interdependence of decision-making processes for economic policies, through the study of collaboration/conflict dimensions in international economic relationships and the identification of pros and cons of unilateral, regional and multilateral approaches to integration.

The aim is that students acquire knowledge and capacity of judgement regarding the objectives, tools and institutions of national, European and international policies regarding the main international economic relations. The course will examine the effectiveness, efficiency and equity of the various economic policy options, both theoretical and with reference to real-world situations.

*Knowledge and understanding*

The course offers students a thorough knowledge of stylised facts, identifying options of economic policy and main national and international decision makers for environment, of international trade (*commodities*, manufactured goods and services), of international investments and of *value chains*; of migratory movements.

Students will be able to carry out descriptive analyses of data and graphical representations of trade, investment, migration and environmental models, analysis of the impact of the related economic policy tools.

Students will be able to understand the importance of international economic institutions and will acquire an adequate knowledge of the history of their creation and how they function, as well as of their impact at national level.

*Ability to apply knowledge and understanding*

At the end of the course, students will be able to critically examine decisions of economic policy and the working of international economic institutions, being aware of the political and social implications of the different options. In particular, they will be able to identify effectiveness, efficiency and equity conditions of the different policies, also with reference to real-world situations.

*Autonomy of judgement*

Students will be able to present well-argued conclusions on the adequacy of national, regional and multilateral policies and on the working of the main international economic organisations in the present context (interdependence with fragmentation).

***COURSE CONTENT***

Module 1 (40 hours - 6 ECTS) *Economics and policies of international integration* (Prof. Simona Beretta)

The following topics will be covered:

– Interdependence and policy decisions: basic applications of Game Theory to international relations. *Case study: environmental policies*.

– Drivers of the productive specialization and of the international integration: absolute and comparative advantages, economies of scale, technological change.

– Impact of integration on efficiency and income distribution between and within countries: ‘winners’ and ‘losers.’

– ‘Deep’ integration: foreign investments and international migrations.

– Old and new forms of protectionism. Effectiveness, efficiency, equity of trade policies. Elements of ‘Political Economy’ of protectionism. *Case studies: trade wars; trade sanctions.*

– Collaboration and conflict in international economic relations: unilateralism, preferential agreements, multilateral institutions (in particular GATT-WTO, UNCTAD…) and regional institutions (EU, ASEAN, USMCA, AfCTFA...).

Module 2 (20 hours - 3 ECTS) *Economic policies, trade and development* (Prof. Simona Beretta)

– Trade, economic growth and poverty reduction. A review of trade policy strategies: import substitution, nascent industry; *export-led growth*; preferential trade agreements; *global and regional value chains;* *deep integration.*

– National policies (in particular ‘strategic’ industrial policies) and the multilateral dimension.

– Controversial issues of trade policy and hidden protectionism. *Case studies: migratory processes, international labour protection, control of illicit trafficking, environmental protection and climate change, protection of global commons.*

***READING LIST***

Reference texts for both modules:

P.R. Krugman-M. Obstfeld-M. Melitz, *Economia Internazionale 1, Teoria e politica del commercio internazionale*, Pearson Italia, Milan-Turin, 2019, eleventh edition.

For each of the two modules, students will receive detailed information on covered topics, requested chapters and other recommended reading, case studies and related material. Compulsory reading and recommended material for class discussions will be made available on the Blackboard platform

The Blackboard platform is a tool available for any communication regarding the course (information on exams, possible changes in programme/schedule, etc.). All students (attending and non-attending, non-supplementary and supplementary year students) are invited to register on the course Blackboard page and to keep up to date.

***TEACHING METHOD***

Both modules will be taught through lectures and case studies promoting student-teacher interaction. Active participation in class discussion is an efficient way of learning.

***ASSESSMENT METHOD AND CRITERIA***

Students will be assessed through a final written exam, followed by an oral discussion of the students’ answers.

Depending on each student’s degree curriculum, exams may cover the first module (6 ECTS) or both (9 ECTS). The written exam includes open-ended questions:

– a section with short questions, in which students must provide definitions and examples regarding key course concepts (50% of the final mark).

– a section with structured questions which requires students to apply key concepts to specific situations, graphical analysis and to solve of simple logic exercises (25% of the final mark).

– a section with applied structured questions, concerning national, regional or multilateral economic policy issues, which students have focused on during case studies (25% of the final mark).

The assessment of the written and oral exam will take into account the level of understanding and knowledge of the course content, as well as the quality of the presentation (structure, accuracy, detail, originality of the answer). The short oral exam will assess students’ knowledge and critical thinking skills, starting with the questions of the written exam.

***NOTES AND PREREQUISITES***

Given the course’s content and method, students must have a basic knowledge of Political Economy (in particular Microeconomics) and be fairly familiar with graphical analysis. Students are advised to fill the possible gaps in good time, using the recommended material for the Political Economy course followed during the undergraduate degree programme, or actively following the online Political Economy course available on Blackboard for all the students of the Graduate degree programme.

Students are advised to attend the courses, to participate actively in class discussions, and to gradually read the suggested items included in the reading list.

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.