**International economics**

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

The aim of this course is to analyse the key factors that affect the competitive position of a nation by investigating the economic forces that drive trade integration and how globalisation is changing the macroeconomic scenario. The course will give some answers on the most important questions related to the international economy. What drives the competitiveness of nations? Are emerging nations competing unfairly due to lower wages? Should we be scared of Chinese competitiveness? What is the role played by multinationals in the world economy? What explains the current stalemate in the world trading system? How trading rules can be modified to help poorer countries to grow faster? Why the UK decided to leave the EU? What are the consequences of Brexit for the EU? Why so much complaints about the Euro? Should exit be considered as a viable option? The course will provide answers to these and other questions by mixing economic theory with facts and case studies.

* *Knowledge and understanding.* Students will deepen the knowledge of analytical tools related to international trade and international finance, using standard economic tools of respectively microeconomics and macroeconomics.
* *Applying knowledge and understanding.* Students will be able to understand and interpret data and policies related to international trade and the behaviour of the exchange rate. Students will be able to understand the textbook and articles taken from popular and specialised press presented during the course.
* *Making judgements.* Students will be able to critically assess policy decisions such as trade agreements, implementation of tariffs and taxes and monetary and exchange rate policy.

***COURSE CONTENT***

a) *Trade theory*

1. Comparative advantage: concepts and definitions
2. Differences in technology: the Ricardian Model
3. Specific Factor and income distribution
4. Factor endowments: Heckscher-Ohlin nodel
5. Economies of scale and trade
6. Firms in the global economy: exports, outsourcing and multinational firms

b) *Trade policy*

1. Instruments of trade policy
2. The political economy of trade policy

c) *Balance of payments and international finance*

1. National Income Accounting and the Balance of Payments
2. The foreign exchange market
3. Exchange rate and interest parity
4. The long run equilibrium real exchange rate and the purchasing power parity
5. Fixed exchange rates, official intervention
6. Optimum currency areas and the Euro

***READING LIST[[1]](#footnote-1)***

P. Krugman-M. Obstfeld-M. Melitz, *International Economics: Theory and Policy*, 12th edition Pearson, 2022, ch. 2-18 + ch 21.

Lecture notes on Blackboard.

Reading material on Blackboard.

***TEACHING METHOD***

Standard lectures

***ASSESSMENT METHOD AND CRITERIA***

Assessment is made through a written exam. Exam dates will be displayed on the I-catt portal (official Appelli).

Students have the possibility of splitting the exam in two intermediate exams

* Partial I, to be held at the end of the first semester (January), covering part a and b of the syllabus
* Partial II, to be held at the end of the second semester (May), covering part c of the syllabus

The final mark will be the average between the two marks of the partial exams. In addition to an average mark higher or equal than 18, it is required that in each of the two partial exams the student obtains no less than 15.

The second partial exam is open only to students who have sat in the first partial exam.

Students who pass both intermediate exams have to enrol in one of the Appelli of the summer session (June-July) to register the mark.

Students who fail in either the first or the second partial exam have the possibility to resit for the missing part in one of the official Appelli of the summer session (June-July).

Intermediate exams as well as standard exams (appelli) will have the same structure: they will be composed of two sections:

* Section A: multiple choice questions (accounting for 40% of the final mark)
* Section B: open questions (accounting for 60% of the final mark).

More details about the structure of the exam will be posted on the Blackboard page of the course.

The assessment will take into account the knowledge and understanding of the topics detailed in the syllabus, and the quality of the answers (depth, accuracy, precision and use of correct terminology).

Oral exam is not compulsory; students may ask for an oral exam, that can improve or worsen the grade received on the written test. Teachers may also invite students, with a grade slightly below “pass” level, to sit an oral exam.

***NOTES AND PREREQUISITES***

Students are required to have the knowledge of the essential tools of microeconomics and macroeconomics taught in the course Principles of Economic

In case the current Covid-19 health emergency does not allow frontal teaching, remote teaching will be carried out following procedures that will be promptly notified to students

*Office hours:*

See the webpage of the lecturer.

1. I testi indicati nella bibliografia sono acquistabili presso le librerie di Ateneo; è possibile acquistarli anche presso altri rivenditori. [↑](#footnote-ref-1)