

Code: SECS-P/01

Credits: 9

Matter: International Economics

Main language of instruction: Italian

Other language of instruction: English

Teaching Staff

Head instructor

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Introduction

The course aims to introduce students to the issues and the main debates about international economics, to the causes and implications of the globalization of the markets of goods and financial flows in the presence of national economic policies and international institutions. The course deals with the study of fundamental economic models aimed at explaining the phenomenon of international trade. Subsequently, the main commercial policies and their implications on trade flows are analyzed. Finally, the international financial analysis is introduced, with an overview of the main balance relations on the international financial markets.

Objectives

The course of International Economics has the following formative objectives: To illustrate the neoclassical theory of international trade; to illustrate the influence of different institutional contexts on trade flows; to explain the analysis of the main commercial policies; to illustrate the main balance relations on the international financial markets.

Competencies

At the end of the course the student will have demonstrated that he can face and understand the main determining choices of international trade and the role of

international economic phenomena on welfare. The student will acquire the ability to interpret the main macroeconomic phenomena at international level such as: inter and intra sectoral trade, terms of trade, international capital and labor movements, protectionism and trade policies, international trade and development, exchange rates and equal conditions for interest rates. The acquired information set is the basis for understanding and deepening the study of international business subjects.

Through the acquired knowledge of the individual methods of choice and the determination of the equilibrium of international markets, the student will be able to produce economic analyzes for the determination of the main interdependencies between economic and financial variables.

The student will be able to identify the most appropriate models, among those presented in the course, to describe even complex international economic phenomena. The student will also be able to interpret technical and scientific literature on the topics addressed in the course.

Syllabus

- Programme of the course:

Subject 1 - Globalization and Balance of Payments where the following topics are addressed: Open economy in the long run, evolution of globalization, international institutions, balance of payments overview.

Subject 2 - Comparative Advantage Theory where the following topics are addressed: Ricardo model, advantages of trade, labor market and adjustment mechanisms towards equilibrium, curve of relative offer.

Subject 3 - Factor endowment theory where the following topics are addressed: Heckscher-Ohlin model, factor price equalization, general equilibrium and adjustment mechanisms, limitations of model and empirical evidence.

Subject 4 - General Equilibrium and International Trade where the following topics are addressed: general model of international trade with relative supply and demand, welfare and terms of trade, economic growth, duties and subsidies, international transfers.

Subject 5 - International trade in imperfect competition where the following topics are addressed: Monopolistic competition and economies of scale, inter and intra sectoral trade.

Subject 6 - Dumping and external economies where the following topics are addressed: Dumping, mutual dumping, anti-dumping regulation, external economies, learning curve and lock-in phenomenon.

Subject 7 - International Factors Mobility where the following topics are addressed: International labor and capital mobility, international loans, foreign direct investment and multinational companies.

Subject 8 - Commercial Policy Instruments where the following topics are addressed: Effects of an import duty, export subsidies, quotas, voluntary export restrictions, content requirements minimum.

Subject 9 - The Economics of Trade Policy where the following topics are addressed: Benefits of trade and protectionism, international negotiations, imperfect competition policies.

Subject 10 - Commercial policy in developing countries. The following topics are addressed: the nascent industry theorem, empirical evidence, dual economics.

Subject 11 - Foreign exchange market where the following topics are addressed: definitions of the exchange rate, spot and forward rate market, financial derivative instruments on currencies.

Subject 12 - Balance of financial markets where the following topics are dealt with: covered parity and interest rate discovery, exchange market efficiency, perfect capital mobility, expectations rational and efficiency.

Evaluation system and criteria

The exam is an oral and/or written test aimed at ascertaining the knowledge of the subject, as well as the skills of analysis and re-elaboration of the acquired concepts. Subject of discussion, both in oral and written exams, may be the arguments of theory as well as actual empirical economic phenomena.

The oral exam consists of an interview tending to ascertain the student's level of preparation.

The written test includes an open-ended question and 20 closed questions.

The open-ended question, to be solved with a concise synthetic theme, is assigned a maximum score of 10 points based on the teacher's verification of the expected learning outcomes. To the closed questions, to be solved indicating the only correct answer among the 4 proposals, a point is assigned for each correct answer.

Bibliography and resources

The teaching material on the platform is divided into 12 modules and covers the entire program. For each module are provided handouts, slides and video lessons. This material contains all the elements necessary to face the study of the subject.

Suggested textbook: Krugman P., Obstfeld M. and Melitz M. "International economics: theory and policy", 11th Edition, Pearson, 2017.