



Academic Year 2016-2017
Syllabus
International Economics
CFU 6
Prof. Giorgio Basevi

Course Description

The aim of the course is to enable the students to interpret the main developments in the international economy, using the basic tools of the theory of international trade and of international monetary economics, as well as the knowledge of basic facts and institutions. The first half of the course deals with trade, the second with international money. The trade part provides the tools necessary for an analysis of the determinants, patterns and effects of international trade and direct investment and of government trade policies. The monetary part builds on the concepts of macroeconomics of an “open” economy to discuss the determinants of exchange rates and the consequences of exchange rate policies for output and prices in the short and in the long run. A brief history of the international monetary system also explains the establishment of the single European currency.

Teaching Method

Lectures will make use of oral presentation, with slides as the background reference for the various points of discussion. Analysis will also be presented at the board, and used for open discussion. Interaction between teacher and student will be encouraged.

Schedule of Topics and their calendar (tentative and provisional)

Real part

1. Feb 27

Main issues in International Economics. Concepts and facts of globalization. Trade intensity among countries, and trade patterns. Sources of trade and comparative advantages (the Ricardian model).

2. Feb. 28

Sources of trade, comparative advantages and sectoral patterns of trade, in a world with multiple but specific factors of production. Winners and losers from international specialization.

3. March 1

Sources of trade, comparative advantages and sectoral patterns of trade in a multiple-factor world: the Heckscher-Ohlin model of international trade.

4. March 6

Winners and losers from international specialization in the Heckscher-Ohlin model of international trade.

5. March 7

Economies of scale, product differentiation and specialization in markets with imperfect competition. Intra-industry specialization: measurement, patterns.

6. March 8

International mobility of factors of production and foreign direct investment. International Location of Production. Firms in the Global Economy: Export decisions, outsourcing, and multinational enterprises.

7. March 13 Instruments of trade policy: tariffs, import quotas, export subsidies, voluntary export restrictions. Effects of protection

8. March 14

Trade policies, multilateral negotiations and preferential trade agreements. The WTO.

Monetary part

9. March 15

National Income Accounting and the Balance of Payments.

10. March 20

Exchange Rates and the Foreign Exchange Market.

11. March 21

Money, Interest Rates, and Exchange Rates.

12. March 22

Price Levels and the Exchange Rate in the Long Run.

13. March 27

Output and the Exchange Rate in the Short Run.

14. March 28

Fixed Exchange Rates and Foreign Exchange Intervention.

15. March 29

International Monetary Systems: historical and theoretical overview.

16. April 3

Consistency of international monetary systems. Conflict and cooperation.

17. April 4

Financial Globalization: Opportunity and Crisis.

18. April 5

Optimum Currency Areas and the Euro.

Textbook and Materials:

A) Textbook

Krugman, Obstfeld & Melitz, *International Economics: Theory and Policy*, 10th Edition, 2015

B) Further readings

- material from Reports of International Organizations, such as:
 - o WTO
 - o World Bank
 - o IMF
 - o BIS
- economic and financial newspapers, such as
 - o The Economist
 - o Financial Times
- Specialized websites, such as:
 - o Vox <http://voxeu.org/>

Assessment:

A final written examination at the end of:

- April
- May
- September

Non-attending students are required to take the written test and will be assigned additional readings.

Office hours:

by appointment: giorgio.basevi@unibo.it

NOTE: Since the course is provided for a limited number of students, **Erasmus and non-Global Governance students** who would like to attend this course and take this exam need to contact the Secretariat of Global Governance by e-mail global.governance@uniroma2.it for registration and sign the Code of Conduct.