



Academic Year 2020-2021
Syllabus
International Economics
6 CFU
Prof. Lorenzo Pecchi

Course Description

Grasping globalization required to understand what are the determinants of international trade and how production is organized across national boundaries. In the first part of the course we study the paradigms of foreign trade that were developed in the XIX and XX centuries (Ricardo, Heckscher and Ohlin) together with the “new” trade models which emphasize economies of scale, monopolistic competition and the role of multinational firms. We will examine who benefits and who loses from trade and the welfare effects of various trade policies.

In the second part of the course we study the financial aspects of foreign trade: the balance of payments, the determinants of the foreign exchange markets and the various international monetary systems which have appeared in the last two centuries with a final focus on the European Monetary Union and Brexit.

Teaching Method

Students are expected to read the material for every class and participate in every lecture.

Schedule of Topics

Topic 1	World Trade Overview
Topic 2	The Ricardian Model
Topic 3	The Specific Factors Model
Topic 4	The Heckscher-Ohlin Model
Topic 5	The Standard Trade Model
Topic 6	External Economies of scale and Monopolistic Competition
Topic 7	International Trade policies
Topic 8	National Income Accounting, Current Account and Balance of Payment
Topic 9	Determination of FX in the Short-run and in the Long-run
Topic 10	Alternative International Monetary System: An Historical Overview
Topic 11	Optimal Currency Area and the European Experience
Topic 12	Financial Globalization: Opportunity or Crisis?

Textbook and Materials

The reference book of the course is *International Economics: Theory and Policy* by Krugman-Obstfeld-Melitz which cover all of the above topics. I also recommend students to read *Understanding Global Trade* by E. Helpman which using a minimum of technical terms presents the most recent theoretical and empirical developments in international economics. A more policy oriented book which I also encourage to read is *The Globalization Paradox: Democracy and the Future of the World Economy* by D. Rodrik.

Assessment

Course requirements are:

- Mid-term examination
- Final examination
- Class participation & homework to be done in groups.

Mid-term examination counts for 25 per cent of the course grade, class participation & homework for 25 per cent and final examination for 50 per cent.

Students who have not attended at least 15 lectures for the 2 hours will have to do a written exam in a 4 hour written exam.

Office hours

Office hours are after classes

NOTE: Since the course is provided for a limited number of students, **Erasmus or non-Global Governance students** who would like to attend the course need to contact the Secretariat of Global Governance by e-mail global.governance@uniroma2.it for registration and inform the Professor of the course. They are required to sign a code of conduct like all Global Governance students, accepting all values and rules. Please read it carefully before enrolling and notice that attendance is required from the very first lesson.