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## Global economic policies and institutions

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### Course aims and intended learning outcomes

The course provides students with a systematic understanding of global and regional interdependence (encompassing international trade and investments, monetary and financial flows), thus empowering students to discuss issues related to national, regional and global integration and policymaking, and to assess the role of international institutions.

#### *Intended learning outcomes (knowledge and understanding)*

At the end of the course, by attending lectures, studying textbooks and reading the materials provided for class discussion, students will acquire knowledge and understanding about national policy making and international collaboration among sovereign, interdependent countries.

In particular, they will understand the substance of protectionism and bilateral/ regional/ multilateral trade and investment agreements; practices and regulations of international financial flows; exchange rate regimes; causes, consequences and management of global instability and crises. They will learn how to use simple models of economic analysis of international relations for policy analysis; to understand the substance of empirical evidence on international trade, investment, financial flows and exchange rates; to be progressively aware of the economic, political and social dimensions of interdependence among countries.

#### *Intended learning outcomes (applying knowledge and understanding)*

At the end of the course, by reading the materials provided and participating in such discussions, students will learn how to apply analytical frameworks to real word policy issues and contemporary challenges in global affairs; to use empirical evidence for describing and interpreting specific situations in trade, investment and finance; will be able to analyse and compare the effects of alternative economic policies. Students will progressively recognise the economic logic underpinning national, regional and multilateral policymaking and will be able to assess the functioning and the challenges of international economic institutions.

#### *Intended learning outcomes (making judgements, communication)*

Preparing and participating in class on selected issues will enhance students' ability to discern and to make judgements over alternative policy options, communicating their conclusion and providing adequate reasons for one's judgement..

### Course content

- Global interdependence: stylized facts in historical perspective. Rodrik's "trilemma" as a lens for connecting economic, political and social dimensions of globalization and de-globalization.
- "Real" integration issues and related policy options: trade in goods and services and protectionism; from mercantile globalization to international supply chains. Unilateralism, bilateral / regional / multilateral trade and investment agreements. "Deep" regionalism, macro-regional integration and threats to multilateralism.
- International monetary and financial systems: basic notions. The functioning of fixed exchange rates and foreign exchange intervention, managed floats and flexible exchange rates. Globalizing finance: actors and instruments; exchange rate determination and financial instability.
- Choosing national exchange rate regimes: pros and cons of exchange rate flexibility. Effectiveness of national macroeconomic policies under different financial and exchange rate conditions. Macroeconomic challenges for open, financially integrated economies under different exchange rate regimes. National vulnerability to real and financial shocks.



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- International monetary and financial systems: historical overview. From the Gold Standard to inter-world war economic nationalism; from Bretton Woods consensus to exchange rate flexibility: Financial globalization: opportunity and crisis.
- Inter-temporal budget constraints, debt crises and foreign exchange crises in recent decades: “fundamental” and “self-fulfilling” crises. Developing Countries: Growth, Crisis, and Reform
- The institutional legacies of currency and financial crises and current challenges to monetary and financial institutions: the theory of optimum currency areas and the practice of Euro; international reserve currencies, past and future.

## Reading list

Reference textbook:

P.R. KRUGMAN-M. OBSTFELD-M.J. MELITZ, International Economics. Theory & Policy, Eleventh edition, Global edition, Pearson Education Limited, 2018, chapters 9 and 18 to 22.

Detailed schedule with topics, detailed reading list, lecture notes, materials for class presentations and discussion will be available on the course Blackboard page.

## Teaching method

Lectures; class presentation and discussion of research papers, official documents, and selected articles from specialized press.

## Assessment method and criteria

Students attending the course will be invited to prepare and hand in short papers and/or presentation, as a form of active learning during the course. These papers/presentations will contribute to students' final mark, as specified below.

The final assessment is based on a written paper with open questions. The paper will include three parts:

- a compulsory part, where students are asked to provide definitions and examples about key concepts of the course (40% of final mark);
- a part where students choose which questions they intend to answer out of sets of alternative questions. Answering the questions will require either/or drawing and explaining graphs, discuss how concepts apply to specific situations, solve simple logical exercises (40% of final mark);
- a part where students choose which questions they intend to answer out of sets of alternative questions concerning policy issues, at the national/ regional/ multilateral and global levels. This part is based on the materials used in class for discussion and for preparation of short papers (20% of final mark).

Note: Attending students that comply with handing in the required short papers/presentations will receive marks for their papers. These graded papers will contribute to 20% of the final mark, substituting for the third part of the written exam.

Marks will take into account the level of understanding, knowledge and quality of exposition of the course content. Students are invited to view their commented and graded exam papers in the lecturer's office, in the dates that will be specified during written tests.

Detailed information about the structure of the final exam will be available on the Blackboard page of the course.



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## Notes and prerequisites

The exam of Principles of economics is a prerequisite for this course. Students are also expected to be familiar with basic notions of international economics. Students are strongly advised to attend lectures, to study and read materials for class presentations, and to take active parts in class discussions.

Students are welcome to contact Prof. Simona Beretta at DISEIS - Dipartimento di Economia Internazionale, delle Istituzioni e dello Sviluppo (Via Necchi 5, fifth floor, room 509, tel. 2731). Weekly office hours: Wednesday (10.30-13.00); exceptions are signalled in advance on the lecturer's webpage. The Instructor is also available for short conversations at the end of each lecture. Lecturer's webpage: [http://docenti.unicatt.it/ita/simona\\_beretta/](http://docenti.unicatt.it/ita/simona_beretta/).