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# Business, Government and the Global Economy

PROF. ANDREA ARIU

<b>Term</b>	Summer 2026
<b>Area of study</b>	Business
<b>Credits</b>	6 ECTS
<b>Dates</b>	22 June – 3 July 2026 (2 weeks)
<b>Method of instruction</b>	In person

## Course description

We will study the fundamental models of trade to understand its patterns, determinants, and consequences. Topics covered include: the gains from trade; the effect of trade on wages and income distribution; and, the relationship between trade and immigration. Then, we will analyze the tools used by governments to conduct trade policy (e.g., tariffs and quotas) and their impact on trade volumes and welfare.

## Prerequisites

Principles of economics

## Method of teaching

Lecture, group work and in-class discussion

## Learning outcomes

By the end of the course students are expected to be able to

- Analyze the determinants of competitiveness of nations
- Understand the dynamics of globalization and market integration
- Analyze trade policies and their possible consequences

## Course requirements

Students are expected to comply with the following requirements:

- Regularly attend classes
- Actively participate to the discussions and debates
- Study in advance the assigned course readings
- Active class participation



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- Present a group work on a course related subject (group project and presentation)
- Company visits
- Take the midterm Exam (Short essay)
- Take a final written exam

## Evaluation

Description	Share of the final mark	Timing
Class Participation	10%	During the course
Midterm Exam (Essay)	30%	Beginning of week 2
Presentation	30%	Mid-week 2
Final exam	30%	End of week 2

## Detailed description of assignments

- **Class participation:** The professor will ask several multiple-choice questions during the classes. A correct answer will provide one point, while wrong or no answer will be evaluated as zero.
- **Presentation:** Students will be divided in groups of 3 students. Each will be assigned to a theme and every team member has to present. Presentations will take 40 minutes and the audience is expected to engage in a discussion that will last for around 15 minutes.
- **Midterm Exam:** It will be composed by a small essay (two pages max, times new roman 12pt single spaced, bibliography excluded) in which the student will provide his/her personal perspective on the topic assigned for the presentation. The student is allowed to use material and to consult online sources. It must be uploaded on blackboard before 6:30p.m. (UTC+1) on 29/06/2026.
- **Final Exam:** The exam will be divided in three parts. In the first there will be 10 multiple-choice questions (one point for correct answer and zero for a wrong one). The second will be an exercise. The third will be an open question on the topics covered during class or during the presentations to choose among three options.

## Readings

There is not a formal textbook, however a more in-depth review of the topics covered can be found in:

[MCL] John McLaren, International Trade, Wiley, 2002.

[KOM] Krugman, Obstfeld, and Melitz International Economics: Theory and Policy. 9th ed. Addison-Wesley.

Moreover, there will be suggested readings for the students that want to deepen their knowledge about the global economy and international trade.

The syllabus below reports as reference the chapter of the textbook for each topic. Additional readings will be available on the blackboard and grouped by unit in dedicated folders.

## Rules of conduct



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**Attendance:** Attendance is mandatory and no absence/s will be excused. Unexcused absences will prevent students from being admitted to the final exam. In case of health issues, students will need to inform both UCSC International Office (at [international.advisor@unicatt.it](mailto:international.advisor@unicatt.it)) and the professor and provide a medical certificate.

**Exam Date:** The exam date cannot be re-scheduled. Unexcused absences will result in a failing grade. In cases of unforeseeable circumstances such as illness or injury on the day of the exams, the student must submit a medical certificate and communicate his/her absence to the Professor and Cattolica International Office via email prior to the exam. If the student does not justify his/her absence through sufficient documentation and with adequate notice before the final test, the student will receive an automatic Failed.

## Bio of instructors

**Dott. Andrea Ariu** is Associate Professor at the University of Milan. He got his PhD from the Université Catholique de Louvain. His research focuses on international trade (with focus on services trade) and international migration. Previous to joining the University of Milan Andrea held an Assistant Professor position at the Ludwig-Maximilians-Universität in Munich, and Post-Doc positions at the Geneva School of Economics and Management and at the McDonough Business School, Georgetown University.

## AGENDA

LESSON/TOPIC	READINGS/ASSIGNMENTS
<p><b>UNIT 1: WORLD TRADE AND THE COMPETITIVENESS OF NATIONS</b></p> <p><b>Key topics:</b> Presentation of the course: aims, organization and overview of the syllabus. Assignments and evaluations: presentation and suggestions. A historical perspective of world trade, what, why and with whom we trade. Benefits of world trade, the standard Ricardian Model and comparative advantages. The determinants of comparative advantages: technological differences.</p>	<ul style="list-style-type: none"> <li>• McLaren, Chapters 1, 2</li> <li>• Class slides</li> <li>• Krugman, Paul (1993), "What Do Undergrads Need to Know about Trade?" American Economic Review (OPTIONAL)</li> <li>• Krugman, Obstfeld and Melitz, Chapter 3 (OPTIONAL)</li> <li>• Krugman, Paul (1996), "Ricardo's Difficult Idea" (OPTIONAL)</li> </ul>
<p><b>UNIT 2: PRODUCTION AND DISTRIBUTION IN THE GLOBAL ECONOMY</b></p> <p><b>Key topics:</b> Imperfect competition and internal and external economies of scale. Monopolistic competition and oligopolistic competition.</p>	<ul style="list-style-type: none"> <li>• McLaren, Chapters 3, 4</li> <li>• Class slides</li> <li>• Krugman, Paul (2008), "The Increasing Returns Revolution in Trade and Geography," Nobel Prize Lecture. (OPTIONAL)</li> <li>• Krugman, Obstfeld and Melitz, Chapter 8, (OPTIONAL)</li> </ul>
	<ul style="list-style-type: none"> <li>• McLaren, Chapters 5, 6</li> <li>• Class slides</li> </ul>



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<p><b>UNIT 3: FACTOR ENDOWMENTS DIFFERENCES ACROSS COUNTRIES</b></p> <p><b>Key topics:</b></p> <p>Specific factors models and Heckscher-Ohlin models of trade.</p>	<ul style="list-style-type: none"> <li>• Krugman, Obstfeld and Melitz, Chapter 5 (OPTIONAL)</li> <li>• Krugman, Paul and Robert Lawrence (1994), "Trade, Jobs, and Wages," Scientific American (in Pop Internationalism) (OPTIONAL)</li> <li>• Freeman, Richard (1995), "Are Your Wages Set in Beijing?," Journal of Economic Perspectives (OPTIONAL)</li> </ul>
<p><b>UNIT 4: INTERNATIONAL TRADE POLICIES</b></p> <p><b>Key topics:</b></p> <p>Analysis of the policies that governments adopt toward international trade, policies that involve a number of different actions. These actions include taxes on some international transactions, subsidies for other transactions, legal limits on the value or volume of particular imports, and many other measures.</p>	<ul style="list-style-type: none"> <li>• McLaren, Chapter 7</li> <li>• Class slides</li> <li>• Krugman, Obstfeld and Melitz, Chapter 9-10 (OPTIONAL)</li> <li>• Rodrik, Dani (1997), Has Globalization Gone Too Far, Chapters 1-3 (OPTIONAL)</li> <li>• WTO website, "Understanding the WTO" (OPTIONAL)</li> </ul>
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<p><b>MIDTERM EXAM</b></p>	
<p><b>COMPANY VISIT</b></p>	
<p><b>COMPANY VISIT</b></p>	
<p><b>STUDENT PRESENTATIONS</b></p>	
<p><b>FINAL EXAM</b></p>	