



Course and Examination Fact Sheet: Spring Semester 2024

4,304: International Economics

ECTS credits: 4

Overview examination/s

(binding regulations see below)

central - Analog written examination, Analog, Individual work individual grade (50%, 90 mins.)

Examination time: Lecture-free period

decentral - Written work, Digital, Group work group grade (50%)

Examination time: Term time

Attached courses

Timetable -- Language -- Lecturer

[4,304,1.00 International Economics](#) -- English -- [Caprettini Bruno](#)

[4,304,2.00 International Economics: Exercises](#) -- English -- [Brotto Reigado André](#)

Course information

Course prerequisites

Students should have a sound understanding of basic macro- and microeconomic principles (firm production and supply, consumer demand). Working knowledge of simple algebra is also expected.

Learning objectives

The course aims at introducing students to the main questions in international economics: why countries trade, what are the consequences of trade and trade policies, and how exchange rates are determined under different exchange rate regimes. To do so, it will guide students through simple formal models that can be used to interpret current international events.

The objective of the course is to equip students with enough formal training to (a) understand and (b) respond to the economist in the room.

Course content

Globalization has been a key theme of the twentieth and twenty-first century. Both technological progress and the reduction of political barriers have caused international trade, migration and capital flows to reach unprecedented levels. In order to understand the causes as well as the consequences of these developments, we need a set of theoretical models and concepts. This course aims at providing bachelor students with a solid understanding of international economics.

In the first part, we cover three topics. First, we study comparative advantage based on technology and factor endowments as a key principle to explain the majority of goods trade flows in the world. Second, we discuss the determinants of intra-industry trade - which is predominant among similar countries - both in final and in intermediate goods. Third, we study the instruments of trade policy and how they determine the welfare of nations.

The second part deals with international macroeconomics. In this part of the course, we study the origins and consequences of cross-country capital flows, as well as the links between monetary policy, capital flows and exchange rates. We take a positive view first, using theoretical models to understand the determinants of capital flows and exchange rates. Thereafter, we discuss normative questions: should capital flows be regulated, and when should monetary policy attempt to influence exchange rates?

Course structure and indications of the learning and teaching design



There will be one lecture per week throughout the Spring semester (unless the university is closed on the day of the class). Andre Brotto will lead 6 exercise sessions.

Course literature

Main textbooks:

- Krugman, Paul R., Maurice Obstfeld, and Marc J. Melitz (2017). "International Economics Theory and Policy", 11th edition, Global Edition, Pearson, Essex, England. Free electronic version available via the HSG Library.
- Feenstra, Robert C. and Alan M. Taylor (2011). "International Economics", 2nd edition, Worth Publishers, New York, United States

Some topics are better covered by Krugman, Obstfeld and Melitz (2017), others by Feenstra and Taylor (2011). I will clearly flag which book is superior in every topic during class and on the slides.

Further readings:

- Blanchard, Olivier (2012). "Macroeconomics", 6th edition, Pearson International Edition, Essex, England.
- Additional readings taken from recent articles may be provided during the course.

Additional course information

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Examination information

Examination sub part/s

1. Examination sub part (1/2)

Examination modalities

Examination type	Analog written examination
Responsible for organisation	central
Examination form	Written exam
Examination mode	Analog
Time of examination	Lecture-free period
Examination execution	Synchronous
Examination location	On Campus
Grading type	Individual work individual grade
Weighting	50%
Duration	90 mins.

Examination languages

Question language: English

Answer language: English

Remark

Final Exam.

Examination-aid rule

Closed Book

The use of aids is prohibited as a matter of principle, with the exception of pocket calculator models of the Texas Instruments TI-30 series and, in case of non-language exams, bilingual dictionaries without any handwritten notes. Any other aids that are admissible must be explicitly listed by faculty members in the paragraph entitled "Supplementary aids" of the course and examination fact sheet; this list is exhaustive.



Procuring any aids, as well as ensuring their working order, is the exclusive responsibility of students.

Supplementary aids

Pen, paper and analog calculator. No mobiles.

2. Examination sub part (2/2)

Examination modalities

Examination type	Written work
Responsible for organisation	decentral
Examination form	Written work
Examination mode	Digital
Time of examination	Term time
Examination execution	Asynchronous
Examination location	Off Campus
Grading type	Group work group grade
Weighting	50%
Duration	--

Examination languages

Question language: English

Answer language: English

Remark

Discussion of real WTO cases.

Examination-aid rule

Free aids provision

Basically, students are free to choose aids. Any restrictions are defined by the faculty members in charge of the examination under supplementary aids.

Supplementary aids

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Examination content

Final Exam: There will be a central exam. The exam will cover all topics studied in the lectures and exercise classes, including trade in goods, comparative advantage, intra-industry trade, the instruments of trade, international trade organizations, capital flows, exchange rates and international macro. The exam counts 50% of the final grade.

Essay: Each student has to work in a group on one WTO case, and will have to debate the case in class as either prosecutor or defendant against another group of students. After these debates, each group will write down an essay with the most important argument they are making, together with a rebuttal of the arguments made by the other group. This part of the examination counts for another 50% of the final grade.

Examination relevant literature

- Krugman, Paul R., Maurice Obstfeld, and Marc J. Melitz (2017). "International Economics Theory and Policy", 11th edition, Global Edition, Pearson, Essex, England. Free electronic version available via the HSG Library.

- Feenstra, Robert and Alan M. Taylor "International Economics." Third Edition. Copies available at the HSG library.

- Slides distributed through Canvas until the end of the lecture period.



Please note

Please note that only this fact sheet and the examination schedule published at the time of bidding are binding and takes precedence over other information, such as information on StudyNet (Canvas), on lecturers' websites and information in lectures etc.

Any references and links to third-party content within the fact sheet are only of a supplementary, informative nature and lie outside the area of responsibility of the University of St.Gallen.

Documents and materials are only relevant for central examinations if they are available by the end of the lecture period (CW21) at the latest. In the case of centrally organised mid-term examinations, the documents and materials up to CW 13 are relevant for testing.

Binding nature of the fact sheets:

- Course information as well as examination date (organised centrally/decentrally) and form of examination: from bidding start in CW 04 (Thursday, 25 January 2024);
- Examination information (supplementary aids, examination contents, examination literature) for decentralised examinations: in CW 12 (Monday, 18 March 2024);
- Examination information (supplementary aids, examination contents, examination literature) for centrally organised mid-term examinations: in CW 13 (Monday, 25 March 2024);
- Examination information (regulations on aids, examination contents, examination literature) for centrally organised examinations: Starting with de-registration period in CW 15 (Monday, 08 April 2024).