

National and Kapodistrian University of Athens
Department of Economics
Academic year 2025-26, 1st Semester.
Erasmus/CIVIS Program

International Economics, Theory and Policy

Instructors:

Prof. George Chortareas
Prof. Emerita Nikolina Kosteletou

Class Schedule:

Day & Time: Every Wednesday, 12:15–15:00

Room: Room A, 5th floor, Evripidou 14

Course webpage: <https://eclass.uoa.gr/courses/ECON419/>

Course Description

This course introduces the main theories and policies of international economics. It examines how countries engage in trade and finance, the benefits and challenges of globalization, and the role of international institutions. Students will gain both theoretical and applied knowledge relevant to global markets and policymaking.

The course is divided into two parts and is taught by two instructors. **Part I** covers the fundamental aspects of international trade, focusing on the real side of transactions and key international trade policies. **Professor Nikolina Kosteletou** teaches Part I. **Professor George Chortareas** is responsible for **Part II**, which covers the fundamental theory of the monetary aspect of international transactions.

Learning Outcomes

By the end of the course, students will be able to:

- Understand the fundamental theories of international trade and finance.
- Analyze the effects of trade policy instruments such as tariffs and quotas.
- Evaluate the role of multinational firms and global value chains.
- Explain exchange rate determination and its impact on economies.
- Understand the relation between money, interest rates, and exchange rates in international markets.

Prerequisites

Students are expected to have prior knowledge of **Principles of Microeconomics** and **Principles of Macroeconomics**.

Topics Covered

1. Introduction: International Economics, Globalization and Global Markets, the Gravity Model, Krugman, P., M. Obstfeld, M. J. Melitz, (KOM) "*International Economics, Theory and Policy*", Chapters 1, 2. (Kosteletou)
2. Classical Trade Theory and the Theory of Comparative Advantage: from A. Smith to Ricardo, KOM, Chapter 3. (Kosteletou)
3. The Neoclassical Trade Model: The Heckscher-Ohlin Theorem of Comparative Advantage, KOM, Chapter 5. (Kosteletou)
4. External Economies of Scale and the International Location of Production, the Multinational Company, Exports, and Outsourcing, KOM, Chapter 7,8. (Kosteletou)
5. Instruments of Trade Policy: tariffs, quotas, and their effects, *KOM, Chapter 9*. (Kosteletou)
6. The Political Economy of Trade: free trade or protection? KOM, Chapter 10. (Kosteletou)
7. Exchange Rates and the Foreign Exchange Market. KOM, Chapter 14 or Feenstra, R.S., A.M. Taylor, (FT) "*International Economics, Macmillan*", 5th edition, 2021, Chapter 13. (Chortareas)
8. Prices and Exchange Rates in the Long Run. KOM, Chapter 16 or FT Chapter 14. (Chortareas)
9. Money, Interest Rates, and Exchange Rates. KOM, Chapter 15 or FT Chapter 15. (Chortareas)

Teaching and Learning Methods

- Lectures (in English)
- Class discussions based on readings.
- Exercises and questions.
- Use of slides and online resources (uploaded to the course webpage)

Assessment

There will be two written exams:

The first exam, on November 26, will cover Part I.

The second exam, in January, will cover Part II (the exact date will be determined later in consultation with Professor Chortareas).

The final grade will be the weighted average of the two exams and class participation.

The exams will include both theoretical and applied questions, based on lectures and the required readings.

Recommended Textbooks

- Krugman, P., Obstfeld, M., & Melitz, M. J. (2021). *International Economics: Theory and Policy*. Pearson, 12th edition.
- Salvatore, D. (2019). *International Economics*. Wiley, 13th edition.
- Feenstra, R. S., & Taylor, A. M. (2021). *International Economics*. Macmillan, 5th edition