



MACQUARIE UNIVERSITY

Division of Economic and Financial Studies

UNIT OUTLINE

ECON847: INTERNATIONAL TRADE

August 2006

<http://online.mq.edu.au/pub/ECON847/>

ECON 847: INTERNATIONAL TRADE

ABOUT THIS UNIT

This unit examines international trade both in theory and practice. It first reviews the theories related to inter and intra industry trade determination and the empirical evidence supporting them. It then examines trade policies, covering a wide range of topics, illustrated by up-to-date case studies.

The unit has a policy approach and aims at also providing students with a good understanding of major trade issues around the world and the effects of globalisation on trade. It focuses on current applications of theoretical principles.

ECON847, a Department of Economics offering, is also a core unit in the Master of International Business (MIB) programme

Credit points: 4

TEACHING STAFF

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Day stream: Joseph Macri and Pundarik Mukhopadhaya

Evening stream: Marc Lombard and Michael Olive

Consultation times will be announced at the beginning of the course.

UNIT WEB PAGE

<http://online.mq.edu.au/pub/ECON847/>

CLASSES

There will be a weekly three-hour session, consisting of a two-hour lecture and one-hour seminar.

Classes will be held both in the day and in the evening.

Evening session: **Mondays, 6-9pm, in W6B-325**

Day session: **Wednesdays, 11am-2pm, in W5A-T2**

REQUIRED AND RECOMMENDED TEXTS

Prescribed text:

Gerber, James (2005), *International Economics*, 3rd ed, Pearson Addison-Wesley

Prescribed journal articles: see the reading guide below.

In addition, a number of prescribed, up-to-date journal articles will be announced during lecture time and be made available in e-Reserve

Additional references

The following books have been placed in the Reserve section of the Library:

- Yarbrough, B. and Yarbrough, R. (2006), *The World Economy*, 7th ed., Thomson
- Pugel, T. (2004), *International Economics*, 12th ed., McGraw-Hill
- Van den Berg, H. (2004), *International Economics*, McGraw-Hill
- Krugman, P. and Obstfeld, M. (2003), *International Economics*, 6th ed., Addison Wesley
- Husted, S. and Melvin, J. (2004), *International Economics*, 6th ed., Pearson Addison Wesley
- Salvatore, D. (2005), *Introduction to International Economics*, Wiley
- Van Marrewijk, C. (2002), *International Trade and the World Economy*, Oxford

Articles on aspects of international trade appear in a wide variety of economic journals, available in the Library. Among them:

- Intereconomics, Review of International Trade and Development
- The World Economy

Up-to-date articles on trade issues can also be found in the weekly "The Economist".

Useful websites:

- A daily survey of trade articles in English published worldwide can be found at <http://dailynews.yahoo.com/fc/Business/Trade>
- World Trade Organisation, www.wto.org
- World Bank, www.worldbank.org
- The United Nations Conference on Trade and Development (UNCTAD), www.unctad.org
- The National Bureau of Economic Research: International Trade and Finance, www.nberws.nber.org
- The International Trade Centre, a partnership between the UNCTAD and the WTO, www.intracen.org
- International Monetary Fund, www.imf.org
- The United Nations Development Program, www.undp.org
- Organisation for Economic Cooperation and Development, www.oecd.org
- Australian Department of Foreign Affairs and Trade, www.dfat.gov.au
- Australian Bureau of Statistics, www.abs.gov.au
- The Economist, www.economist.com
- Paul Krugman, web.mit.edu/krugman/www/

LEARNING OUTCOMES

At the completion of this unit, students should be conversant with major trade theories and with the current major issues concerning world trade. They should be made more aware of the world at large, the importance and the role of key players in the globalisation process, and the impact trade issues have on all countries.

This unit also encourages critical analysis, by comparing conflicting policies and examining motives behind trade disputes.

ASSESSMENT

The assessment will consist of:

- **A final examination** (2 hours), covering the whole course, worth 70% of the marks
- **Class tests and seminar discussions**, worth 30% of the marks.
Final format to be announced in lecture week one, as it will be determined by the number of students enrolled in the unit

Assessment will be based on both the material discussed in the lectures/seminars and the prescribed readings.

The final examination will take place in the week immediately following the last lecture week. Date and place will be announced at the beginning of the semester

Absence from allocated seminars and class tests will result in a mark of zero, unless absence is supported by acceptable documented evidence. In this case, the final exam mark will be converted to a higher percentage of the total marks.

NOTE:

- 1) **To successfully complete this unit, students must pass the final exam**
(A policy of the Economics Department)
- 2) It is essential that students attend all sessions, as the examination/test will include material discussed in the lectures and seminars.

You are advised that it is Macquarie University policy not to set early examinations for individual or group of students. All students are expected to ensure that they are available until the end of the teaching semester, that is the final day of the official examination period.

UNIT STRUCTURE and READING GUIDE

Essential reading is indicated by an asterisk *

In addition, a number of prescribed, up-to-date journal articles will be announced during lecture time and be made available in ERIC. Articles listed below are available en e-reserve

Topic 1: The Global Economy

- * Gerber, chapter 1 (pp. 2-10), chapter 2 (pp. 17-24, 29-34).
- * Soros, G., "Globalisation-lopsided generator of wealth", *Sydney Morning Herald*, 02-02-'04
- * Kuttner, R. "Rethinking Free Trade", *The Boston Globe*, 29-09-04
- * "Trade Disputes", *The Economist*, 18-09-04

Topic 2: The Gains from Trade

- * Gerber, ch. 3

Topic 3: Comparative Advantage and Factor Endowments

- * Gerber, ch. 4 (pp. 58-70)

Topic 4: New Theories of Trade

- * Gerber, ch. 4 (pp. 70-79), ch. 5 (pp. 84-94)

Topic 5: Trade Restrictions (1): Tariffs

- * Gerber, ch. 6 (pp.111-121)

Topic 6: Trade Restrictions (2): Non-Tariff Barriers

- * Lombard (2004), "Trade Barriers: The Contemporary Situation", *EcoDate*, Vol.18, No.1, March
- * Gerber, ch. 6 (pp. 121-128), chapter 7 (pp. 143-146)

Topic 7: Political Economy of Trade

- * Gerber, ch. 5 (pp.94-106), chapter 7 (pp. 131-145), and chapter 8
- * "Imitating property is Theft", *The Economist*, 17-5-2003
- * "The WTO Under Fire", *The Economist*, 29-9-2003

Topic 8: Trade Blocs

* Gerber, ch. 1 (pp. 23-26), ch.13 (pp.290-293, 305-17),
ch. 14 (pp.320-23, 340-45)

Topic 9: Trade and Development

* Yarbrough, B. and Yarbrough, R. (2006), *The World Economy*, ch. 11,
Gerber, ch.15 (pp. 360-366), ch.16, 17

Topic 10: International Factor Movements

* Lombard (2003), "Immigration: An Economic Perspective", *The
EBE Journal*, Vol.39, No.1
* Gerber, ch. 9 (180-183), ch.12 (pp.272-73, 283-87)

Topic 11: Australia's Trade and Balance of Payments

* Lombard (2002), "Trends in the External Stability of the Australian
Economy", *EcoDate*, Vol.16, No.1, March

Topic 12: International Trade and Exchange Rate Movements

* Gerber, 10 (pp.220-222), 11(pp.254-263)

NOTE: The numbering of topics above **is not related** to the number of lecture weeks. Some topics are shorter/longer than others.

A summary of the lecture will be posted every week on the ECON847 website, a few days after the lecture. Diagrams presented in the lectures and additional reading material will also be made available.

PLAGIARISM

The University defines plagiarism in its rules: "Plagiarism involves using the work of another person and presenting it as one's own". Plagiarism is a serious breach of the University's rules and carries significant penalties. You must read the University's practices and procedures on plagiarism. These can be found on the web at: <http://www.student.mq.edu.au/plagiarism/>. Penalties may include a deduction of marks, failure in a unit, and/or referral to the University Discipline Committee.

UNIVERSITY POLICY ON GRADING

Academic Senate has a set of guidelines on the distribution of grades across the range from fail to high distinction. Your final result will include one of these grades plus a standardised numerical grade (SNG). On occasion, your raw mark for a unit (i.e., the total of your marks for each assessment item) may not be the same as the SNG which you receive. Under the Senate guidelines, results may be scaled to ensure that there is a degree of comparability across the university, so that units with the same past performances of their students should achieve similar results. The process of scaling does not change the order of marks among students. A student who receives a higher raw mark than another will also receive a higher final scaled mark.