



MACQUARIE UNIVERSITY

Division of Economic and Financial Studies

ECON847: INTERNATIONAL TRADE

**UNIT OUTLINE
(DAY STREAM)**

February 2008

<http://online.mq.edu.au/pub/ECON847D/>

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. Covering a wide range of topics and illustrated by up-to-date case studies, it then examines trade policies and the institutional architecture of international trade.

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

ECON847 is both a Department of Economics offering and a core unit in the Master of International Business (MIB) programme.

Credit points: 4

LEARNING OUTCOMES

At the completion of this unit, students should be conversant with the 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 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.

TEACHING STAFF

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

UNIT WEB PAGE

<http://online.mq.edu.au/pub/ECON847D/>

LECTURE TIME AND LOCATION:

Students assigned to the Day Stream must attend lectures at the following time:

Day session: Monday, 1 - 4pm, E7B-T2

Note that the lecture material and assessments will be different in the Day Stream to the Evening Stream

ASSESSMENT

The assessment will consist of:

- **A final examination** (2 hours), covering the whole course, worth 70% of the marks
- **Class test in week 7** (1 hour), covering material in the first half of the course, worth 30% of the marks.

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

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

NOTE:

- 1) It is the policy of the Economics Department that **students must pass the final examination in order to successfully complete a unit.**
- 2) It is essential that students attend all sessions, as material discussed in the lectures will be examined.
- 3) It is Macquarie University policy not to set early examinations for individuals or groups 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.

RECOMMENDED TEXT and REFERENCES:

Prescribed text:

Gerber, James (2008), *International Economics*, 4th ed, Pearson Addison-Wesley

In addition, a number of prescribed articles will be made available online (see the reading guide below). **NOTE: For all test/examination purposes, the required reading is in addition to notes provided in the lectures**

References

As a complement to the prescribed reading, the following books have been placed in the Reserve section of the Library:

- Appleyard, D., Field, A. and Cobb, S. (2006), *International Economics*, 5th ed., McGraw-Hill Irwin.
- Husted, S. and Melvin, J. (2004), *International Economics*, 6th ed., Pearson Addison Wesley
- Krugman, P. and Obstfeld, M. (2005), *International Economics*, 7th ed., Addison Wesley
- Pugel, T. (2004), *International Economics*, 12th ed., McGraw-Hill
- Salvatore, D. (2005), *Introduction to International Economics*, Wiley
- Van den Berg, H. (2004), *International Economics*, McGraw-Hill
- Yarbrough, B. and Yarbrough, R. (2006), *The World Economy*, 7th ed., Thomson

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

- 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 published in English 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, www.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/

UNIT STRUCTURE and READING GUIDE (NOTE: Topic numbers are **not related** to the number of lecture weeks. Some topics are shorter/longer than others.

Topic 1: The Global Economy

- * Gerber, chapters 1, 2 and 4 (pp79-80)
- * Krugman and Obstfeld, ch 2
- * Soros, G., "Globalisation-lopsided generator of wealth", *Sydney Morning Herald*, 02-02-04
- * "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

Topic 4: New Theories of Trade

- * Gerber, ch. 4 and 5 (pp. 90 -100 and 114 -115)

Topic 5: Trade Restrictions (1): Tariffs

- * Gerber, ch. 6
- * Lombard (2004), "Trade Barriers: The Contemporary Situation", *EcoDate*, Vol.18, No.1, March

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

- * Gerber, ch. 6
- * "The EU Loses its Rag", *Financial Times*, 08-12-04
- * "US duties spark China trade row", *Australian Financial Review*, 04-07

Topic 7: Political Economy of Trade

- * Gerber, ch. 5 (pp.100-112), chapter 7, and chapter 8
- * "Imitating property is Theft", *The Economist*, 17-5-2003
- * "The WTO Under Fire", *The Economist*, 29-9-2003
- * For GATT and WTO see Gerber pp: 20-23 (Ch 2), pp 131-33 (Ch 6), pp 141-42 (Ch 7),

Topic 8: Trade Blocs

- * Gerber, Ch. 1 (pp. 23-26), ch.13, Ch. 14

Topic 9: Trade and Development

- * Yarbrough, B. and Yarbrough, R. (2006), *The World Economy*, ch. 11,
- * Gerber, ch.15 , ch.16, 17
- * Handout will be provided

Topic 10: International Factor Movements

- * Gerber, Ch. 9 (180-183), Ch.12 (pp.277-78, 288-92)
- * Handout will be provided

Topic 11: Australia's Trade and Balance of Payments

To be supplied later

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.