

MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

ECON847 INTERNATIONAL TRADE

Semester 1, 2010

Department of Economics

ECON 847

INTERNATIONAL TRADE

First Semester: 2010

Unit convenor: Joseph Macri

Students in this unit should read this outline carefully at the start of the semester. It contains important information about the unit. If anything is unclear, please consult the unit convenor.

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. ECON847 is worth 4 units of credit.

TEACHING STAFF AND CONTACT DETAILS

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UNIT WEB PAGE

The unit uses a Blackboard web page that can be accessed via <http://learn.mq.edu.au/> **you should check this web page regularly**. If you are unable to access the website because you are not aware of or have forgotten your username and password, please contact the IT helpdesk located on Level 1 of the Library on 9850 6500. The IT helpdesk will also be able to assist you with using Blackboard. Please note that there is also a help feature in Blackboard and you may refer to this instead for assistance in using Blackboard.

If you have any problems accessing this web page you should go the Online Teaching Facility support web page at <http://online.mq.edu.au/docs/teconf.html>

CONSULTATION TIMES

Consultation times will be announced at the beginning of the course. Students experiencing significant difficulties with any topic in the unit are strongly encouraged to seek assistance immediately. Please note however that staff will only answer emails sent from **official** Macquarie University email accounts.

CLASSES

There will be one three-hour session each teaching week.

Day and Time: Monday 1- 4 pm

Room: E6A 133.

It is essential that students **attend all sessions**, as the examination/tests will focus on material discussed in the lectures and supplemented with the relevant readings.

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Prescribed Text:

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

Other Useful References:

- Carbaugh, R. (2005), *International Economics*, 10th ed., Thomson
- Husted, S. and Melvin, J. (2004), *International Economics*, 6th ed., Pearson Addison Wesley
- Krugman, P. and Obstfeld, M. (2009), *International Economics*, 8th ed., Addison Wesley
- Pugel, T. (2004), *International Economics*, 12th ed., McGraw-Hill
- Salvatore, D. (2007), *International Economics*, 9th ed., Wiley
- Sawyer, W. and Sprinkle, R. (2006), *International Economics*, Pearson
- 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>
- Australian Department of Foreign Affairs and Trade, www.dfat.gov.au
- Australian Bureau of Statistics, www.abs.gov.au
- International Monetary Fund, www.imf.org
- Organisation for Economic Cooperation and Development, www.oecd.org
- The Economist, www.economist.com
- The National Bureau of Economic Research: International Trade and Finance, www.nberws.nber.org
- The United Nations Conference on Trade and Development (UNCTAD), www.unctad.org

- The United Nations Development Program, www.undp.org
- World Trade Organisation, www.wto.org
- World Bank, www.worldbank.org

LEARNING OUTCOMES

At the completion of this unit, students should be able to:

1. be conversant with major trade theories;
2. apply and critically evaluate some of the basic trade models and theory in order to analyse real problems in international economics;
3. understand and appreciate current major issues concerning world trade;
4. appreciate the importance and the role of key players in the globalisation process, and to fully appreciate the impact trade issues have on countries;
5. critically analyse, compare and examine the motives behind trade disputes.

GRADUATE CAPABILITIES

In addition to the discipline-based learning objectives, all academic programs at Macquarie seek to develop the capabilities the University's graduates will need to develop to address the challenges, and to be effective, engaged participants in their world.

Through these *Learning Outcomes*, this unit contributes to the development of the following *Graduate Capabilities*:

Learning Outcomes	MQ Graduate capabilities which the unit contributes to explicitly
1, 2, 3, 4, 5	Discipline Specific Knowledge and Skills; Critical Analytical and Integrative Thinking
2, 3, 5	Problem Solving and Research Capability
3, 5	Engaged and Ethical Local and Global citizens
3, 4, 5	Creative, Innovative and capable of Professional Judgement
3, 4, 5	Capable of Professional and Personal Judgement and Initiative

TEACHING AND LEARNING STRATEGY

The teaching strategy in ECON847 recognises that students learn independently and assume responsibility for the learning process and with academic integrity. The teaching philosophy is articulated as follows:

Lectures – large group learning (3 hours each teaching week)

Lectures are intended to provide an overview of international trade both in theory and practice. The lectures will also provide students with a good understanding of major and current trade issues around the world.

Independent Learning - learning by doing (approximately 6 hours each teaching week and 9 hours each week during the mid-semester recess)

ECON847 relies heavily on independent learning where students read the relevant chapters, revise lecture notes, understand questions that will be regularly asked in class and extend themselves by doing additional reading, questions, exercises and problems.

Class Practice Tests – (15-20 minutes each teaching week)

Students will be asked to answer unseen questions from the previous week's lecture and reading material. This teaching strategy will enable students to regularly practise questions under 'mock' examination conditions. The solutions to these questions will be provided and discussed in class. This objective of this strategy is to provide each student with immediate feedback on their answers with the expectation that this will assist and deepen their understanding on international trade.

ASSESSMENT

The total marks for ECON847 will be calculated as follows:

Assessment	Weighting	Date	Learning Outcomes
Class Test 1	20%	Week 6	1-5
Class Test 2	20%	Week 10	1-5
Final Examination	60%	Examination Period	1-5
TOTAL	100%		

Class Tests: (40%)

Class tests 1 and 2 will be conducted in the **first hour** of lectures in Week 6 and 10, respectively, of the scheduled classes. The structure and examinable content will be provided to students in due course. It is important to note that absence from class tests will result in a mark of zero, unless a student's absence is supported by acceptable documented evidence. In this case, the final examination mark will be adjusted accordingly.

Final Examination: (60%)

The final examination will be of two (2) hour duration and all the material in the entire course is examinable. The information on the structure of the final examination will be provided in due course. You are expected to present yourself at the time and place designated in the University Examination Timetable. The timetable will be available in Draft form approximately eight weeks before the commencement of the examinations and in Final form approximately four weeks before the commencement of the examinations. The relevant website is <http://www.timetables.mq.edu.au/exam>

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. If a Supplementary Examination is granted as a result of the Special Consideration process the examination will be scheduled after the conclusion of the official examination period.

Important Notice:

Students **MUST** pass the **FINAL EXAMINATION** in order to satisfactorily complete ECON847. Failure to fulfil this condition will involve **automatic** failure in this unit.

Note: It is also Macquarie University policy **NOT** to set early examinations for individual 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. Therefore, please **DO NOT REQUEST** an earlier exam.

DETERMINATION OF OVERALL GRADE

Please refer to the University Handbook.

The following range of standardised numerical grades applies as follows:

HD	= High Distinction	85 - 100
D	= Distinction	75 - 84
CR	= Credit	65 - 74
P	= Pass	50 - 64
PC	= Conceded Pass	45 - 49
F	= Fail	0 - 44

Raw marks are given on each assessment task. The scaled marks are then derived from raw marks. The student's grade of achievement in a unit is based on an assessment of all relevant work in the unit including performance at examinations

LECTURE SCHEDULE

In addition, a number of prescribed, up-to-date journal articles will be announced during lecture time and be made available in e-Reserve. Articles listed below are available en e-Reserve. **IMPORTANT NOTE:** The following references are only a complement to lecture notes: they are **NOT** a substitute.

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| Topic 1: Introduction - The Gains from Trade
Gerber, ch.3 (pp. 38-42, 44-56) |
| Topic 2: Sources of Comparative Advantage
Gerber, ch. 4 (pp. 60-68, 72-78, 82-84), ch.5 (pp. 90-100) |
| Topic 3: Trade Restrictions (1): Tariffs
Gerber, ch. 6 (pp.116--126) |
| Topic 4: Trade Restrictions (2): Non-Tariff Barriers
Gerber, ch. 6 (pp.128-33), ch. 7 (pp. 148-150), ch.2 (pp.42-43)
Lombard, M. (2004), "Trade Barriers: The Contemporary Situation", <i>EcoDate</i> , Vol.18, No.1, March |
| Topic 5: Political Economy of Trade
Gerber, ch.5 (pp.100-108), ch. 7 (pp. 136-48, 151-52), ch. 8, and ch.2 (pp.55-56)
"Imitating property is Theft", <i>The Economist</i> , 17-5-2003 |
| Topic 6: Trade and the Global Economy
Gerber, chapter 1 (pp. 2-10), ch. 2 (pp. 17-22, 29-34), ch. 4 (pp.79-80).
Soros, G., "Globalisation-lopsided generator of wealth", <i>Sydney Morning Herald</i> , 02-02-'04
Kuttner, R. "Rethinking Free Trade", <i>The Boston Globe</i> , 29-09-04
"Trade Disputes", <i>The Economist</i> , 18-09-04 |
| Topic 7: Trade Blocs
Gerber, ch. 1 (pp. 23-26), ch.4 (pp.70-72), ch.13 (pp.302-305, 315-28), ch. 14 (pp.332-340, 352-60) |
| Topic 8: Trade and Development
Gerber, ch.15, ch.16, ch. 17 |
| Topic 9: International Factor Movements
Gerber, ch.2 (80-82), ch. 13 (pp.320-22), ch.14 (pp.358-60)
ch. 9 (184-188), ch.12
Lombard, M. (2003), "Immigration: An Economic Perspective", <i>The EBE Journal</i> , Vol.39, No.1 |
| Topic 10: Australia's Trade and Balance of Payments
Lombard, M. (2002), "Trends in the External Stability of the Australian Economy", <i>EcoDate</i> , Vol.16, No.1, March |

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

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. The policies and procedures explain what plagiarism is, how to avoid it, the procedures that will be taken in cases of suspected plagiarism, and the penalties if you are found guilty. Penalties may include a deduction of marks, failure in the unit, and/or referral to the University Discipline Committee.

You must read the University's practices and procedures on plagiarism on the web at: <http://www.student.mq.edu.au/plagiarism/>

STUDENT SUPPORT SERVICES

Macquarie University provides a range of Academic Student Support Services. Details of these services can be accessed at <http://www.student.mq.edu.au>.

BESS

The (Faculty of) **B**usiness and **E**conomics **S**tudent **S**ervices is a drop-in centre for students who are taking units in the Faculty of Business and Economics. It is located in **Room 106, Building E4B**.

http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate_current_students/bess