

MACQUARIE  
UNIVERSITY



FACULTY OF  
BUSINESS AND ECONOMICS

# ECON847 INTERNATIONAL TRADE

Semester 2, 2009

*Department of Economics*

## **ECON 847: INTERNATIONAL TRADE**

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.

### **UNIT DESCRIPTION**

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**

### **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.

### **TEACHING STAFF AND CONTACT DETAILS**

Weeks 1- 6: **Joseph Macri**,  
Room: E4A-414,  
Phone: 9850 9469  
E-mail: [joseph.macri@mq.edu.au](mailto:joseph.macri@mq.edu.au)

Weeks 7- 12: **Marc Lombard** (Unit Convenor)  
Room: E4A-436,  
Phone: 9850 8501  
E-mail: [marc.lombard@mq.edu.au](mailto:marc.lombard@mq.edu.au)

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

## **LECTURE TIME AND LOCATION:**

There will be one three-hour session each week,

**Evening stream: Mondays, 6-9pm, W6B-325**

**Day stream: Wednesdays, 11am - 2pm, in E7B-T2**

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

## **ASSESSMENT**

The assessment will consist of:

- **Class tests** worth 40% of the marks.  
Dates of class tests will be announced at the beginning of the semester.
- **A final examination** (2 hours), covering the whole course, worth 60% of the marks

Absence from 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) 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 also 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.

## **GRADES**

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

## **RECOMMENDED TEXT and REFERENCES:**

### **Prescribed text:**

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

**Prescribed journal articles:** see the reading guide below.

### **References**

- Carbaugh, R. (2005), *International Economics*, 10<sup>th</sup> ed., Thomson
- Husted, S. and Melvin, J. (2004), *International Economics*, 6<sup>th</sup> ed., Pearson Addison Wesley
- Krugman, P. and Obstfeld, M. (2009), *International Economics*, 8<sup>th</sup> ed., Addison Wesley
- Pugel, T. (2004), *International Economics*, 12<sup>th</sup> ed., McGraw-Hill
- Salvatore, D. (2007), *International Economics*, 9<sup>th</sup> 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*, 7<sup>th</sup> 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](http://www.dfat.gov.au)
- Australian Bureau of Statistics, [www.abs.gov.au](http://www.abs.gov.au)
- International Monetary Fund, [www.imf.org](http://www.imf.org)
- Organisation for Economic Cooperation and Development, [www.oecd.org](http://www.oecd.org)
- The Economist, [www.economist.com](http://www.economist.com)
- The National Bureau of Economic Research: International Trade and Finance, [www.nberws.nber.org](http://www.nberws.nber.org)
- The United Nations Conference on Trade and Development (UNCTAD), [www.unctad.org](http://www.unctad.org)
- The United Nations Development Program, [www.undp.org](http://www.undp.org)
- World Trade Organisation, [www.wto.org](http://www.wto.org)

- World Bank, [www.worldbank.org](http://www.worldbank.org)

## UNIT STRUCTURE and READING GUIDE

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.

**Topic 1: Introduction - The Gains from Trade**

- Gerber, chapter 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",  
*EcoDate*, 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", *The Economist*, 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", *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 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", *The EBE Journal*, 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", *EcoDate*, 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.

### **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**.

W: [http://www.efs.mq.edu.au/student\\_support/BESS](http://www.efs.mq.edu.au/student_support/BESS)

Talk to Peer Advisers:

Phone: +61 (02) 9850 8450

Opening hours during semester (including mid-semester breaks and the exam period):

Mon-Thur: 9 am- 6pm

Fridays: 9 am- 5pm

Out of semester:

Monday-Friday, 9am-5pm

### **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.

### **ENQUIRIES**

Any enquiries about the unit should be directed to **Marc Lombard**, unit convenor, room E4A-436, tel. 9850 8501, email: [marc.lombard@mq.edu.au](mailto:marc.lombard@mq.edu.au)