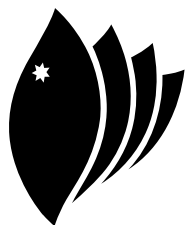


MACQUARIE
UNIVERSITY



FACULTY OF
BUSINESS AND ECONOMICS

**ECON847
INTERNATIONAL TRADE**

Semester 1, 2011

Department of Economics

**MACQUARIE UNIVERSITY
FACULTY OF BUSINESS AND ECONOMICS
UNIT GUIDE**

| | |
|---------------------------|----------------------------------|
| Year and Semester: | Semester 1, 2011 |
| Unit convenors: | Marc Lombard/Joseph Macri |
| Credit points: | 4 |

Students in this unit should read this unit guide carefully at the start of semester. It contains important information about the unit. If anything in it is unclear, please consult one of the teaching staff in the unit.

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.

TEACHING STAFF

Joseph Macri (Topics 1-4)

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Marc Lombard (Topics 5-9)

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CONSULTATION TIMES

Consultation times will be announced at the beginning of the course. You are encouraged to seek help at a time that is convenient to you from a staff member teaching on this unit during their regular consultation hours. In special circumstances, an appointment may be made outside regular consultation hours. Staff will not conduct any consultations by email. You may, however, phone staff during their consultation hours.

CLASSES

There will be a three-hour session each teaching week, consisting of a two-hour lecture and a one-hour seminar. Students can choose either a day or evening stream. It is important that students remain in their allocated stream.

Day Stream:

Day and Time: Monday 1-4pm

Room: E6A133

Evening Stream:

Day and Time: Wednesday 6-9 pm

Room: C5A 310

The timetable for classes can be found on the University web site at:

<http://www.timetables.mq.edu.au/>

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

Once enrolled, students are not change their allocated **streams**,

REQUIRED AND RECOMMENDED TEXTS AND/OR MATERIALS

Prescribed Text:

Gerber, James (2010), *International Economics*, 5th ed, Pearson Addison-Wesley.

This text can be purchased from the Macquarie University Co-op Bookshop.

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

All of the above books are available in the Macquarie Library.

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

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 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/tecinf.html>

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*:

This unit contributes to this by developing the following graduate capabilities:

1. Discipline Specific Knowledge and Skills*
2. Critical, Analytical and Integrative Thinking
3. Problem Solving and Research Capability
4. Engaged and Ethical Local and Global citizens
5. Socially and Environmentally Active and Responsible
6. Capable of Professional and Personal Judgement and Initiative
7. Commitment to Continuous Learning

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.

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 in 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, ch.3 (pp. 40-43, 46-60)

Topic 2: Sources of Comparative Advantage

Gerber, ch. 4 (pp. 63-71, 75-81, 86-87), ch.5 (pp. 93-103)

Topic 3: Trade Restrictions (1): Tariffs

Gerber, ch. 6 (pp.119-124)

Topic 4: Trade Restrictions (2): Non-Tariff Barriers

Gerber, ch. 6 (pp.125-38), ch. 7 (pp. 151-154), ch.2 (pp.44-45)

Topic 5: Political Economy of Trade

Gerber, ch. 5 (pp.103-115), ch.7 (pp.140-156)

Topic 6: Trade and the Global Economy

Gerber, ch. 8 (pp.158-176), ch. 9 (pp.180-83, 197-202)

Kuttner, R. "Rethinking Free Trade", *The Boston Globe*, 29-09-04

"Trade Disputes", *The Economist*, 18-09-04

Topic 7: Trade Blocs

Gerber, ch. 2 (pp. 24-28), ch.4 (pp.73-74), ch.13 (pp.302-08, 313-18, 321-28, ch. 14 (pp. 331-38, 348-59).

Topic 8: Trade and Development

Gerber, ch.15 (pp.362-371), ch.16, ch.17

Topic 9: International Factor Movements

Gerber, ch.2 (84-86), ch. 13 (pp.318-20), ch.14 (pp.356-57)

ch. 9 (186-190), ch.12

Lombard, M. (2003), "Immigration: An Economic Perspective", *The Economics and Business Educators Journal*, Vol.39, No.1

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

RELATIONSHIP BETWEEN ASSESSMENT AND LEARNING OUTCOMES

Assessment is a central element to the overall quality of learning and teaching in ECON847. The assessment in this course encourages students to adopt a deep approach to their learning. The objectives of the assessment are to ensure that students are (i) able to critically evaluate and apply the current trade theory models in international economics (ii) able to understand, apply and appreciate the major trade issues facing many developing and developed countries (iii) able to appreciate the importance and the role of key stakeholders in the globalisation process and (iv) critically analyse, compare and examine the motives behind trade disputes.

| | Assessment Task 1 | Assessment Task 2 | Assessment Task 3 |
|---|--|---|---|
| Title/Name | Test 1 | Test 2 | Final Examination |
| Description | This test will consist of multiple choice, short and long answer questions. | This test will consist of short-answer questions. | The exam will be of a 2-hour duration. It will consist of multiple choice and long answer questions. |
| Due date | Week 6 (first hour of lectures) | Week 11 (first hour of lectures) | Monday 6 th of June Location: X5BT1 Time: 10:30am-12.30pm |
| % Weighting | 20% | 20% | 60% |
| Grading method - marking criteria/ standards - expectations in requirements | Students will be tested on their knowledge and application of international trade theories, accuracy, depth of understanding, relevance, quality of expression, ability to define key terms and originality. | Students will be tested on their knowledge and application of international trade issues and policies, accuracy, depth of understanding, relevance, quality of expression, ability to define key terms and originality. | Students will be tested on their knowledge and application of international trade theory, issues and policies, accuracy, depth of understanding, relevance, quality of expression, ability to define key terms and originality. |
| Submission method | In Class Test | In Class Test | Exam Date |
| Feedback | Students will receive their results within 2-3 weeks of having completed test 1. Students will be encouraged to make an appointment with Joseph Macri, along with providing feedback in class. | Students will receive their results within 2 weeks of having completed test 2. Students will be encouraged to make an appointment with Marc Lombard, along with providing feedback in class. | Students will receive their results on the official date, and will be able to review their scripts if necessary. |
| Estimated student workload (hours) | 45 | 35 | 55 |
| Learning outcomes assessed | | | |
| 1 | ✓ | ✓ | ✓ |
| 2 | ✓ | ✓ | ✓ |
| 3 | ✓ | ✓ | ✓ |
| 4 | | ✓ | ✓ |
| 5 | | ✓ | ✓ |
| Graduate capabilities assessed | | | |
| 1 | ✓ | ✓ | ✓ |
| 2 | ✓ | ✓ | ✓ |
| 3 | ✓ | ✓ | ✓ |
| 4 | | ✓ | ✓ |
| 5 | | ✓ | ✓ |
| 6 | ✓ | ✓ | ✓ |
| 7 | ✓ | ✓ | ✓ |
| | | | |

ATTENDANCE OF CLASS TESTS AND FINAL EXAMINATION

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

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 exam mark will be converted to a higher percentage of the total marks

The only exception to not sitting an examination at the designated time is because of documented illness or unavoidable disruption. In these circumstances you may wish to consider applying for Special Consideration. The University's policy on special consideration process is available at http://www.mq.edu.au/policy/docs/special_consideration/policy.html

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.

A final examination is included as an assessment task for this unit to provide assurance that:

- i) the product belongs to the student and
- ii) the student has attained the knowledge and skills tested in the exam.

The Macquarie university examination policy details the principles and conduct of examinations at the University. The policy is available at: <http://www.mq.edu.au/policy/docs/examination/policy.htm>

Important Notice:

It is a policy of the Department of Economics that students **MUST** pass the **FINAL EXAMINATION** in order to satisfactorily complete ECON847. Failure to fulfil this condition will involve **automatic** failure in this unit.

ACADEMIC HONESTY

The nature of scholarly endeavour, dependent as it is on the work of others, binds all members of the University community to abide by the principles of academic honesty. Its fundamental principle is that all staff and students act with integrity in the creation, development, application and use of ideas and information. This means that:

- all academic work claimed as original is the work of the author making the claim
- all academic collaborations are acknowledged
- academic work is not falsified in any way
- when the ideas of others are used, these ideas are acknowledged appropriately.

Further information on the academic honesty can be found in the Macquarie University Academic Honesty Policy at http://www.mq.edu.au/policy/docs/academic_honesty/policy.html

GRADES

Macquarie University uses the following grades in coursework units of study:

HD - High Distinction
D - Distinction
CR - Credit
P - Pass
F - Fail

Grade descriptors and other information concerning grading are contained in the Macquarie University Grading Policy which is available at: <http://www.mq.edu.au/policy/docs/grading/policy.html>

GRADING APPEALS AND FINAL EXAMINATION SCRIPT VIEWING

If, at the conclusion of the unit, you have performed below expectations, and are considering lodging an appeal of grade and/or viewing your final exam script please refer to the following website which provides information about these processes and the cut off dates in the first instance. Please read the instructions provided concerning what constitutes a valid grounds for appeal before appealing your grade.

http://www.businessandconomics.mq.edu.au/for/new_and_current_students/undergraduate/admin_central/grade_appeals.

SPECIAL CONSIDERATION

The University is committed to equity and fairness in all aspects of its learning and teaching. In stating this commitment, the University recognises that there may be circumstances where a student is prevented by unavoidable disruption from performing in accordance with their ability. A special consideration policy exists to support students who experience serious and unavoidable disruption such that they do not reach their usual demonstrated performance level. The policy is available at: http://www.mq.edu.au/policy/docs/special_consideration/procedure.html

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>.

IT CONDITIONS OF USE

Access to all student computing facilities within the Faculty of Business and Economics is restricted to authorised coursework for approved units. Student ID cards must be displayed in the locations provided at all times.

Students are expected to act responsibly when utilising University IT facilities. The following regulations apply to the use of computing facilities and online services:

- Accessing inappropriate web sites or downloading inappropriate material is not permitted. Material that is not related to coursework for approved unit is deemed inappropriate.
- Downloading copyright material without permission from the copyright owner is illegal, and strictly prohibited. Students detected undertaking such activities will face disciplinary action, which may result in criminal proceedings.

Non-compliance with these conditions may result in disciplinary action without further notice.

Students must use their Macquarie University email addresses to communicate with staff as it is University policy that the University issued email account is used for official University communication.