MACQUARIE UNIVERSITY

Division of Economic and Financial Studies

UNIT OUTLINE

ECON847: INTERNATIONAL TRADE

July 2003

ECON 847: INTERNATIONAL TRADE
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UNIT OUTLINE

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.

The topics included in ECON 847 are:

> **1. The Global Economy**
> **2. The Theory of Comparative Advantage.**
> **3. Trade and Income Distribution**
> **4. New Theories of Trade**
> **5. Trade Restrictions: Tariffs**
> **6. Trade Restrictions: Non-Tariff Barriers**
> **7. Political Economy of Trade and WTO's Contentious Issues**
> **8. Trade Blocs**
> **9. Trade and Development**
> **10. International Factor Movements: Immigration and Foreign Investment**
> **11. Australia's Trade and Balance of Payments**
> **12. International Trade and Exchange Rates**

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

LECTURERS

Marc Lombard (Day Stream), lecturer-in-charge
Room C5C-389, ph: 9850 8501, e-mail: marc.lombard@mq.edu.au

Michael Olive (Evening Stream)
Room C5C-383, ph: 9850 9948, e-mail: michael.olive@mq.edu.au

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

LECTURES/ SEMINARS

Evening Stream**: Mondays, 6 - 9 pm, in W5A-T2**

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

The three-hour session will consist of a two-hour lecture and one-hour seminar.

Students need to follow the lecture program of the stream to which they have been assigned, as the two streams may not necessarily be synchronised. Likewise, seminar presentations cannot be switched from one stream to the other.

A brief summary of the lecture and a list of questions to be prepared for the following week's seminar will be posted every week on the ECON847 website, prior to the lecture. Diagrams presented in the lectures and additional reading material will be made available in the EFS Resources and Information Centre (ERIC) in C5C-244.

ASSESSMENT
The assessment will consist of:
- A within-semester test, worth 20% of the marks
- Seminar questions, worth 10% of the marks
- A final examination (2 hours), covering the whole course, worth 70% of the marks

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

Important Notice

It is **essential** for the successful completion of this course that:

1. Students attend all sessions, as the examination includes material discussed in the lectures and seminars, not available on-line nor in ERIC

2. Students are fully conversant, each week, with the concepts and issues presented during lecture time, and are acquainted with the recommended reading material.

REFERENCES
Recommended text:

- Gerber, J. (2002), *International Economics*, 2nd ed, Addison-Wesley

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Additional, up-to-date, journal articles will be provided on a weekly basis

Additional references:
- Husted, S. and Melvin, J. (2001), *International Economics,* 5th ed.,.Addison Wesley
- Van Marrewijk, C. (2002), *International Trade and the World Economy*, Oxford
- Krugman, P. and Obstfeld, M. (2003), International Economics, 6th ed., Addison Wesley
- Appleyard, D. and Field A. (2001), *International Economics*, 4th ed., McGraw-Hill

Useful websites:
- 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/

- A daily survey of trade articles published worldwide in the printed media can be found at http://dailynews.yahoo.com/fc/Business/Trade

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
- International Economic Review
- The World Economy
Up-to-date articles on trade issues can also be found in the weekly "The Economist".

READING GUIDE

Essential reading:

Topic 1: The Global Economy
Gerber, chapter 1 (pp. 3-5, 8-16), ch. 2 (pp. 18-24, 33-36).

Topic 2: The Theory of Comparative Advantage
Gerber, ch. 3

Topic 3: Trade and Income Distribution
Gerber, ch. 4 (pp.58-70)

Topic 4: New Theories of Trade
Gerber, ch. 4 (pp.70-79), ch.5

Topic 5: Trade Restrictions (1): Tariff
Gerber, ch. 6 (pp.111-121)

Topic 6: Trade Restrictions (2): Non-Tariff Barriers
Gerber, ch. 6 (pp. 121-128), ch.7 (143-146)

Topic 7: Political Economy of Trade and WTO's Contentious Issues
Gerber, ch. 7 (pp.131-145)   Gerber, ch. 8

Topic 8: Trade Blocs
Gerber, ch. 1 (pp. 24-28), ch.13 (pp.290-93, 305-17), 14 (pp.320-23, 340-45)

Topic 9:   Trade and Development
          Gerber, ch.15 (pp. 358-364), ch.16, 17

Topic 10:   International Factor Movements
          Gerber, ch. 9 (pp.180-82), ch.13 (pp.310-11)

Topic 11:   Australia's Trade and Balance of Payments
           Gerber, ch. 9 (pp.172-75, 191-92)

Topic 12:   International Trade and Exchange Rates Movements
          Gerber, ch. 10 (pp.214-229), 11(pp.249-260)

<u>ACCESSING THE ECON847 WEB SITE</u>
The URL of the ECON847 website is http://online.mq.edu.au/pub/ECON847/. You can also access the unit via the List of Units on the Online Teaching Facility (MUOTF) at http://online.mq.edu.au/. At this site you will also find answers to frequently asked questions and help with login problems.

Usernames and Passwords
To reach some of the web site you will be required to enter a username and password. Your username is of the form "gffff123", where "g" is the first letter of your given name, "ffff" are the first four letters of your family name (or as many as possible if less than four) and "123" are three digits. Note that "gffff" is lowercase.

Your MQID and initial password should have been mailed to you after you enrolled. If you have not received this letter, or have any questions about usernames and passwords, contact either Student IT Help or the Information Technology Services (ITS) Operations/Helpdesk. **Note**: Students who used MUOTF online units in 2002/3 should use their original MQID password in 2003. You can check your MQID by contacting Student IT Help or using the web page at https://www.ocs.mq.edu.au/stdgen/self_reprint.html . **Note**: Both your username and your password are CaSe SeNsItIvE. When you have finished using the web site **you must log out, or exit or quit your browser**. To log out of WebCT, click the 'logout' link near the top right of the screen. If you don't log out, or exit or quit your browser, other people can continue to use your account, which means they can use your mail, discussions and other course tools.
Technical Assistance: If you require assistance or information about email accounts, technical problems associated with using the Internet or instructions for using Library Services via the Internet, contact: Student IT Help, Level 1, Library, Email:support@library.mq.edu.au,
Web:http://www.lib.mq.edu.au/support/ithelp/. Phone: (02) 9850 6500 (in Sydney) or 1 800 063 191 (outside Sydney). The ITS Helpdesk also has information on student labs and printing services. The ITS Helpdesk can be contacted at Email: helpdesk@mq.edu.au, Web: http://www.its.mq.edu.au/~operator/