



# ECON847

## International Trade

S1 Day 2014

*Economics*

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## General Information

### Unit convenor and teaching staff

Unit Convenor

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E4A 429

### Credit points

4

### Prerequisites

ECON632 or ECON633 or admission to MActPrac or MCom or MEc or MIntBus prior to 2011 or admission to MIntRelMIntTrdeComLaw or MIntTrdeComLaw or PGDipIntTrdeComLaw or PGCertIntTrdeComLaw

### Corequisites

### Co-badged status

NA.

### 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.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Be conversant with major international trade theories.

Understand and appreciate current major world trade and policy issues.

Fully appreciate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.

Critically analyse, compare and examine the motives behind trade disputes.

## Assessment Tasks

Name	Weighting	Due
<u>Class Test 1</u>	30%	Week 6
<u>Assignment</u>	20%	Monday 19th May (Week 10) 5pm.
<u>Final Examination</u>	50%	Formal Examination Period

### Class Test 1

Due: **Week 6**

Weighting: **30%**

The class test in Week 6 will be a combination of short-answer questions, True and False and multiple choice questions. It will be of 60 minutes duration.

Absence from the Class Test 1 without acceptable documented evidence will result in a mark of zero for Class Test 1. The percentage of the final examination will only be re-weighted if acceptable documentation is produced and formally submitted through the Student Centre.

On successful completion you will be able to:

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- Fully appreciate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
- Critically analyse, compare and examine the motives behind trade disputes.

### Assignment

Due: **Monday 19th May (Week 10) 5pm.**

Weighting: **20%**

The assignment will be posted online at the beginning of week 9 of the teaching week (Monday 5pm). Students will have ONE WEEK (from the date of the release of the assignment online) to complete and submit the assignment online through turnitin. A hard copy **MUST** also be submitted to BESS on the same day as the due date of the online assessment (5pm).

No extensions will be granted. Students who have not submitted the assignment by the deadline will be awarded a mark of 0 for the task, except for cases in which an application for special consideration is made and approved.

It is important to note that any student that submits an assignment online through turnitin that is not their own work will be automatically be given a mark of zero. Students will also face serious disciplinary action, which may include an automatic failure of ECON847 and the possible exclusion from Macquarie University. Turnitin will be used extensively to determine whether the submitted work is your own work.

On successful completion you will be able to:

- Be conversant with major international trade theories.
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- Fully appreciate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
- Critically analyse, compare and examine the motives behind trade disputes.

## Final Examination

Due: **Formal Examination Period**

Weighting: **50%**

The final exam will be held during the official Session 1 examination period. It is important to note that it is your responsibility to find out the exact examination date for ECON847.

The structure of the final examination will typically involve short and longer answer questions, which may also include calculations and diagrammatical illustrations. Details on the exact nature and structure of the final examination will be provided in due course. It is important to note that students must pass the final examination to satisfactorily complete this unit. However, it is also important that students must complete all tasks in this course to successfully complete this unit.

Failure to attend the final examination without approved documented evidence will result in a Fail grade for this unit.

**Important Note:** It is Macquarie University Policy to not schedule any final examinations earlier than the official date. Therefore, DO NOT organise any travel within the formal examination period as any request will be rejected.

On successful completion you will be able to:

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## Delivery and Resources

### CLASSES:

The unit has 3 hours face-to-face teaching per week. There will be 3 streams offered this Session 1.

1. Day Stream: Monday 12-3pm, Room E4B314.
2. Evening Stream: Tuesday 6-9pm, Room E4B314
3. Day Stream: Wednesday 9am-12, Room E4B314

**IMPORTANT: YOU MUST ATTEND THE SESSION THAT YOU HAVE BEEN REGISTERED IN. IF NECESSARY, A ROLL WILL BE TAKEN TO ENSURE THAT STUDENTS ADHERE TO THIS RULE AS ROOMS ARE LIMITED IN CAPACITY.**

### Required and Recommended Texts and/or Materials Textbook:

Salvatore, Dominick (2012), *Introduction to International Economics*, Third Edition, John Wiley and Sons.

Students who are wanting to purchase the E-Text option can do so at

<http://au.wiley.com/WileyCDA/WileyTitle/productCd-EHEP002068.html>

### Other Useful Textbooks:

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

Krugman, P, Obstfeld, M., and Melitz, M. (2014) *International Economics: Theory & Policy, International Trade: Theory & Policy*, Prentice Hall.

Krugman, P. and Obstfeld, M. (2009), *International Economics*, 8th ed., Addison Wesley.

Carbaugh, R. (2005), *International Economics*, 10th ed., Thomson.

Husted, S. and Melvin, J. (2013), *International Economics*, 9th ed., Pearson Addison Wesley.

Pugel, T. (2004), *International Economics*, 12th ed., McGraw-Hill.

Salvatore, D. (2012), *International Economics*, 11th 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.

### Useful Websites:

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 United Nations Conference on Trade and Development (UNCTAD), [www.unctad.org](http://www.unctad.org)

World Trade Organisation, [www.wto.org](http://www.wto.org)

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

Lecture material will be posted on ilearn website. Any technical issues that you may have with ilearn needs to be directed to the IT section of the university.

### **Structure of the Weekly 3 Hour Session:**

The weekly three-hour session will comprise a two-hour lecture and an hour class practice session. The lectures will provide students with an overview of international trade both in theory and practice, as well as a good understanding of major and current trade issues.

The class practice session will ask students to answer unseen questions from the previous week's lecture and any additional assigned reading material. The solutions to these questions will be provided and discussed only in class. The 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 of various issues of international trade. Students are expected to read in advance the lecture notes provided online, as well as the required readings, and to participate in class discussions.

## **Unit Schedule**

### **LECTURE TOPICS**

1. It is essential that students attend all classes, as the tests will focus on material discussed in the lectures and supplemented with the relevant readings.
2. The following references are only a complement to lecture notes: they are NOT a substitute. In addition, a number of prescribed, up-to-date journal articles will be announced during lecture time
3. The numbering of topics below is not related to the number of lecture weeks. Some topics are shorter/longer than others.

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

Salvatore, Chapters 1&2, Gerber, Chapters 3&4.

**Topic 2: Sources of Comparative Advantage**

Salvatore, 2, 3, and 4; Gerber, Chapter 5 (pp. 93-103).

**Topic 3: Trade Restrictions (1): Tariffs**

Salvatore, Chapter 5; Gerber, Chapter 6.

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

Salvatore, Chapter 6; Gerber, Chapter 7 (pp. 151-156), Chapter 2 (pp. 17-23, 44-45).

**Topic 5: Political Economy of Trade**

Salvatore, Chapter 6; Gerber, Chapter. 5 (pp.103-115), Chapter 7 (pp.140-156).

**Topic 6: Trade and the Global Economy**

Salvatore, Chapter 1, Lecture Notes, & Gerber, Chapter 2, Chapter. 8, Chapter 9 (pp.180-83, pp.197-205).

**Topic 7: Trade Blocs**

Salvatore, Chapter 7; Gerber, Chapter. 2 (pp. 24-28), Chapter.4 (pp.73-74), Chapter.13 (pp. 302-08, pp. 314-18, pp. 321-28, Chapter. 14 (pp. 331-38, pp. 348-59).

**Topic 8: Trade and Development**

Salvatore, Chapter 8; Gerber, Chapter.15 (pp. 362-371), Chapter.16&17and Lecture Notes.

**Topic 9: International Factor Movements**

Salvatore, Chapter 9; Gerber, Chapter.2 (pp. 84-86), Chapter. 13 (pp. 318-20), Chapter.14 (pp. 356-57)

Chapter. 9 (pp.186-190), Chapter.12

**Topic 10: Australia's Trade and Balance of Payments**

Lecture Notes

**Topic 11: International Trade and Exchange Rate Movements**

Salvatore, Chapters 10 & 11, Gerber, Chapter 10 (pp. 209-210, pp. 213-235)

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

## **Policies and Procedures**

Macquarie University policies and procedures are accessible from [Policy Central](#).

Students should be aware of the following policies in particular with regard to Learning and Teaching:

Academic Honesty Policy [http://mq.edu.au/policy/docs/academic\\_honesty/policy.html](http://mq.edu.au/policy/docs/academic_honesty/policy.html)

Assessment Policy <http://mq.edu.au/policy/docs/assessment/policy.html>

Grading Policy <http://mq.edu.au/policy/docs/grading/policy.html>

Grade Appeal Policy <http://mq.edu.au/policy/docs/gradeappeal/policy.html>

Grievance Management Policy [http://mq.edu.au/policy/docs/grievance\\_management/policy.html](http://mq.edu.au/policy/docs/grievance_management/policy.html)

Disruption to Studies Policy [http://www.mq.edu.au/policy/docs/disruption\\_studies/policy.html](http://www.mq.edu.au/policy/docs/disruption_studies/policy.html) *The Disruption to Studies Policy is effective from March 3 2014 and replaces the Special Consideration Policy.*

In addition, a number of other policies can be found in the [Learning and Teaching Category](#) of Policy Central.

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: [https://students.mq.edu.au/support/student\\_conduct/](https://students.mq.edu.au/support/student_conduct/)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)



## IT Help

For help with University computer systems and technology, visit <http://informatics.mq.edu.au/help/>.

When using the University's IT, you must adhere to the [Acceptable Use Policy](#). The policy applies to all who connect to the MQ network including students.

## Graduate Capabilities

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

#### Learning outcomes

- Be conversant with major international trade theories.
- Understand and appreciate current major world trade and policy issues.
- Fully appreciate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
- Critically analyse, compare and examine the motives behind trade disputes.

#### Assessment tasks

- Class Test 1
- Assignment
- Final Examination

### PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

#### Learning outcomes

- Be conversant with major international trade theories.
- Understand and appreciate current major world trade and policy issues.
- Fully appreciate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.

- Critically analyse, compare and examine the motives behind trade disputes.

## **Assessment tasks**

- Class Test 1
- Assignment
- Final Examination

## **PG - Research and Problem Solving Capability**

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

## **Learning outcomes**

- Be conversant with major international trade theories.
- Understand and appreciate current major world trade and policy issues.
- Fully appreciate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.

## **Assessment task**

- Assignment