ECON847
International Trade
S1 External 2016
Dept of Economics

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General Information

Unit convenor and teaching staff
Unit Convenor
Ha Vu
ha.vu@mq.edu.au
Contact via ha.vu@mq.edu.au
E4A 429 (Phone: 9850 8499)
Wednesday 11am - 12, and by appointment

Credit points
4

Prerequisites
ECON632 or ECON633 or ECON649 or (admission to MIntRelMIntTrdeComLaw or MInTrdeComLaw or PGDipIntTrdeComLaw or PGCertIntTrdeComLaw)

Corequisites

Co-badged status

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://students.mq.edu.au/important-dates

Learning Outcomes

1. Characterize major international trade theories to explain alternative patterns of trade.
2. Examine international trade instruments, and articulate arguments for and against protectionism.
3. Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
4. Recognize how changes in the terms of trade and economic growth affect the welfare of
nations engaged in international trade.

General Assessment Information

It is important to note that students must complete all tasks in this course to successfully complete this unit.

Submission method

The assignments and review essay must be submitted online through Turnitin to detect plagiarism and to determine whether the submitted work is your own.

The Online Tests must be completed online during the designated period of time.

It is important to note that any student who submits an assignment, essay or test 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. For further information on plagiarism and how to avoid it, please refer to the Academic Honesty Policy link in the Policies and Procedures section of this guide.

Extension

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

Assessment Tasks

<table>
<thead>
<tr>
<th>Name</th>
<th>Weighting</th>
<th>Due</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Test 1 (Optional)</td>
<td>10%</td>
<td>11pm Sunday 20/03/2016</td>
</tr>
<tr>
<td>Assignment 1</td>
<td>20%</td>
<td>11pm Sunday 10/04/2016</td>
</tr>
<tr>
<td>Review Essay</td>
<td>20%</td>
<td>11pm Sunday 01/05/2016</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>20%</td>
<td>11pm Sunday 22/05/2016</td>
</tr>
<tr>
<td>Online Test 2</td>
<td>30%</td>
<td>11pm Sunday 12/06/2016</td>
</tr>
</tbody>
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Online Test 1 (Optional)

Due: **11pm Sunday 20/03/2016**
Weighting: **10%**

The Online Test 1 is considered as a diagnostic test to identify and assist students at academic risk. Thus students are highly recommended to attempt the test although it is optional. By "optional" it means after knowing the test result you can decide to keep the mark and your Online Test 2 will weigh 30%, or disregard the mark and your Online Test 2 will weigh 40%.

https://unitguides.mq.edu.au/unit_offerings/57483/unit_guide/print
The test will be accessed through the unit web page at http://ilearn.mq.edu.au, and will be opened between 9am Friday 18/03/2016 and 11pm Sunday 20/03/2016. It will comprise five true/false (with explanation) questions (each worth 2 marks) and five short-answer questions (each worth 4 marks). Altogether, the 10 questions are worth 30 marks. Students will have 60 minutes to complete the test in one sitting. Read the instruction carefully before your attempt.

This Assessment Task relates to the following Learning Outcomes:

- Characterize major international trade theories to explain alternative patterns of trade.

Assignment 1
Due: 11pm Sunday 10/04/2016
Weighting: 20%

This assignment will be a combination of problem solving and discussion/explanation questions, which may include calculations and diagrammatical illustrations. In addition, to assess students' ability to apply the theory of international trade to explain and analyze real-world problems, students may be given a set of reading articles (mainly up-to-date news articles) and use the information from the articles to answer the questions. The assignment questions and related reading articles will be released on iLearn a week before the due date and cover Topics 1 to 4.

This Assessment Task relates to the following Learning Outcomes:

- Characterize major international trade theories to explain alternative patterns of trade.
- Examine international trade instruments, and articulate arguments for and against protectionism.

Review Essay
Due: 11pm Sunday 01/05/2016
Weighting: 20%

A "review essay" is a summary of your own words of the provided article (to be released on iLearn), together with an appraisal of it. Your review essay should be about 70% summary and 30% appraisal, and should NOT be more than 1600 words. "Summary" means you summarize the main points discussed in the article in your own words. Figures, tables, or equations in the article should not be included in your essay. "Appraisal" means you express your own thoughts about the article, for example, whether the article is full of insightful remarks, whether the article gives adequate consideration/analysis of the main issues, or if the article covers too much or too little ground, any additional aspects should be included in the article.

This Assessment Task relates to the following Learning Outcomes:

- Characterize major international trade theories to explain alternative patterns of trade.
- Examine international trade instruments, and articulate arguments for and against protectionism.
• Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.

Assignment 2

Due: **11pm Sunday 22/05/2016**
Weighting: **20%**

Similar to the first assignment, the second assignment will also consist problem solving and discussion/explanation questions, as well as articles-based questions. The assignment questions and related reading articles will be released on iLearn a week before the aforementioned due date and it will cover Topics 5 to 8.

This Assessment Task relates to the following Learning Outcomes:
• Examine international trade instruments, and articulate arguments for and against protectionism.
• Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
• Recognize how changes in the terms of trade and economic growth affect the welfare of nations engaged in international trade.

Online Test 2

Due: **11pm Sunday 12/06/2016**
Weighting: **30%**

The Online Test 2 will be accessed through the unit web page at http://ilearn.mq.edu.au and will be opened between 9am Friday 10/06/2016 and 11pm Sunday 12/06/2016. Students will have two hours to complete the test. The Online Test 2 will typically involve short and longer answer questions and it will cover ALL topics. Detailed instruction will be provided in Week 11.

If you decided to take the result of the Online test 1 your Online Test 2 will account for 30% of the total unit mark. If you decided not to keep the Online test 1’s result, our Online Test 2 will account for 40% of the total unit mark.

This Assessment Task relates to the following Learning Outcomes:
• Characterize major international trade theories to explain alternative patterns of trade.
• Examine international trade instruments, and articulate arguments for and against protectionism.
• Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
• Recognize how changes in the terms of trade and economic growth affect the welfare of
nations engaged in international trade.

Delivery and Resources

Technology used:
All assessments will be implemented on iLearn at the time and date specified in accordance with each assessment component.

Lecture materials (power of point slides and videos) and exercise questions will be posted on iLearn website. You need to check iLearn regularly.

Recommended Textbooks:

Useful Websites:
Australian Department of Foreign Affairs and Trade, [www.dfat.gov.au](http://www.dfat.gov.au)
International Monetary Fund, [www.imf.org](http://www.imf.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)

Unit Schedule

LECTURE TOPICS
There are 10 topics to be covered over the 13-week semester. Some topics are longer than others, thus the numbering of topics below is not related to the number of lecture weeks. It is
essential that students watch the video recorded for each topic on a weekly basis.

**Topic 1: The Gains from Trade and Sources of Comparative Advantage**

This topic discusses the classical theories and the gains of trade. More specifically, it covers the mercantilism and the way how people thought in the 16th to the 18th Century, Adam Smith’s idea of the Gains from Trade and his concept of absolute advantage and specialisation, David Ricardo’s idea of the Comparative Advantage, Heckscher-Ohlin’s model and its implications which include the Stolper Samuelson theorem and the factor price equalization theorem.

**Topic 2: Intra-Industry Trade**

This topic looks at other theories which explain some of the facts about trade. In particular, it includes the product life cycle model, the economies of scale, and the product differentiation as some possible candidates for the explanation of intra-industry trade.

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

This topic discusses the most prominent instrument used by almost all governments in the world. It is Tariffs, a tax on importing goods and services into a country, usually collected by customs officials at the place of entry.

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

A number of non-tariff measures to be discussed include import quota, voluntary export restraint, subsidy (more specifically export subsidy), anti-dumping duties, government regulations (aka implicit barriers), and other instruments.

**Topic 5: Political Economy of Trade**

The free-trade argument suggests that if each nation produces what it does best and permits trade, all nations will be beneficial. In reality, all countries have imposed some trade restrictions. This topic looks at numerous reasons for protection from both proponents’ and opponents’ points of view.

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

This topic analyses the effects of using sanctions to enforce labor and environmental standards, and alternative methods which might be used to improve this standards without adversely affecting trade.

**Topic 7: Trade Blocs**

This topic describes various stages of economic integration, and analyses the effects of a customs union. It also looks at the EU and NAFTA as examples of trade blocs.

**Topic 8: Trade and Development**

This topic focuses on another branch of international trade, which is the relationship between trade and development, including the static and dynamic effects of trade on development, the deterioration in the terms of trade in developing countries, the immiserizing growth model, and the two industrialization policies to steer an economy away from producing and exporting primary product, toward manufactured products.
Topic 9: International Factor Movements

In shifting our attention to international factor flows, we relax the assumption that we have used in much of the discussion up to this point, that is factors do not move internationally. In other words, factors of production can and do move between countries in amounts that are often large enough to have economic effects and to grab political attention. In this topic we will examine the economics of international migration by focusing on people who migrate for economic reasons, and then the effect of foreign direct investment on the host and the source country.

Topic 10: International Trade and Exchange Rate Movements

Exchanges of goods and services are normally accompanied by exchanges of funds such as money and cheque. Hence importers and exporters do really care about the fluctuation in exchange rates and try to forecast the future exchange rate to plan their exports and imports as well as their production plan. In this final topic, we will look at alternative exchange rate arrangements, some arguments for and against the use of flexible exchange rates versus the fixed regimes, and alternative models to forecast or predict the future exchange rate.

Learning and Teaching Activities

Lectures and exercise questions

Video lectures are intended to provide overviews of the conceptual frameworks that are critical to the core themes of the unit. Students are expected to read the relevant chapters in one of the recommended books for each topic, as well as the extra reading materials provided on the unit webpage. In addition, students should attempt all practice questions for each topic.

Learning by Doing

ECON847 relies heavily on independent learning where students read the relevant materials, revise the lecture topics, attempt practice questions, and extend themselves by doing additional readings, questions, exercises, problems. Students are recommended to spend at least 7-9 hours each week to study this subject.

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


Complaint Management Procedure for Students and Members of the Public http://www.mq.edu.au

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/)

**Results**

Results shown in *iLearn*, or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in *eStudent*. For more information visit [ask.mq.edu.au](http://ask.mq.edu.au).

**Student Support**

Macquarie University provides a range of support services for students. For details, visit [http://students.mq.edu.au/support/](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 Enquiry Service**

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

**Equity 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.

**IT Help**

For help with University computer systems and technology, visit [http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the Acceptable Use of IT Resources 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

- Characterize major international trade theories to explain alternative patterns of trade.
- Examine international trade instruments, and articulate arguments for and against protectionism.
- Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
- Recognize how changes in the terms of trade and economic growth affect the welfare of nations engaged in international trade.

Assessment tasks

- Online Test 1 (Optional)
- Assignment 1
- Review Essay
- Assignment 2
- Online Test 2

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

- Characterize major international trade theories to explain alternative patterns of trade.
- Examine international trade instruments, and articulate arguments for and against protectionism.
- Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.
• Recognize how changes in the terms of trade and economic growth affect the welfare of nations engaged in international trade.

Assessment tasks
• Online Test 1 (Optional)
• Assignment 1
• Review Essay
• Assignment 2
• Online Test 2

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
• Examine international trade instruments, and articulate arguments for and against protectionism.
• Evaluate the impact of major trade issues on countries with a focus on the tradeoffs between efficiency and equity.

Assessment tasks
• Review Essay
• Assignment 2