

THE UNIVERSITY OF NEW SOUTH WALES



**Australian School of Business
School of Economics**

**ECON4101/6302
INTERNATIONAL TRADE**

**COURSE OUTLINE
SESSION 2, 2008**

1. COURSE STAFF	3
2. INFORMATION ABOUT THE COURSE	3
2.1 Teaching times and Locations	3
2.2 Units of Credit	3
2.3 Parallel teaching in the course	3
2.4 Relationship of this course to other course offerings	3
3. COURSE AIMS AND OUTCOMES	3
3.1 Course Aims	3
3.2 Student Learning Outcomes	4
3.3 Approach to learning and teaching	4
3.4 Teaching Strategies	4
4. CONTINUAL COURSE IMPROVEMENT	5
5. LEARNING ASSESSMENT	5
5.1 Formal Requirements	5
5.2 Assessment Details	5
5.3 Assignment Format	6
5.4 Assignment Submission Procedure	6
5.5 Late Submission	7
5.6 Special Consideration and Supplementary Examinations	7
6. ACADEMIC HONESTY AND PLAGIARISM	8
7. STUDENT RESPONSIBILITIES AND CONDUCT	8
7.1 Workload	9
7.2 Attendance	9
7.3 General Conduct and Behaviour	10
7.4 Keeping informed	10
8. STUDENT RESOURCES	10
8.1 Course Resources	10
8.2 Other Resources, Support and Information	11
9. COURSE SCHEDULE	12

1. COURSE STAFF

The instructor for this course is:

Dr. Arghya Ghosh

Office: Rm 406, Australian School of Business

Tel. 9385 1347

E-mail: a.ghosh@unsw.edu.au

Consultation times for session 2, 2008: 1-3 pm on Mondays.

1.1 Communication with Staff

Your questions are best answered during office hours or alternatively you can email me for course specific enquiries

2. INFORMATION ABOUT THE COURSE

2.1 Teaching times and locations

The lecture time for this course is 9 – 12 on Mondays at Quad1049.

2.2 Units of credit

Units of credit: 6

Contact hours per week: 3

2.3 Parallel teaching in the course

Parallel teaching (Econ 4101/Econ 6302) is involved this course.

2.4 Relationship of this course to other course offerings

This course is an elective subject for the Economics Honours program and the MPhil, MEc and PhD programs in Economics. This course assumes that you have completed intermediate microeconomics (Econ 2101). Prerequisites and degree regulations are outlined in the UNSW Handbook.

3. COURSE AIMS AND OUTCOMES

3.1 Course Aims

This course will provide the students with a deeper understanding of the incentives and welfare consequences of trade and investment liberalization. Political economy perspectives of trade policies and trade agreements will also be discussed to highlight the real-world constraints that policymakers face in implementing free trade.

The course is intended to give students an overview of the field (i.e., international trade) with a high degree of analytical rigour as well as exploring how trade theory can inform us on contemporary policy issues.

3.2 Student Learning Outcomes

By the end of this course, the students should be able to:

- Understand the workings of simple general equilibrium models
- Evaluate the effects of changing trade barriers on factor returns, composition of consumption and production, and welfare
- Understand the role of political entities (voters as well as lobbyists) in shaping trade policies in the real world.
- Evaluate the incentives and welfare consequences of regional trade agreements.

Overall, students should be able to analyze and critically evaluate trade related problems using basic microeconomic tools.

3.3 Approach to learning and teaching

What determines a country's trading pattern? What are the effects of tariff and non-tariff barriers? How does politics play a role in shaping the trade policy? Why do we observe an increasing number of preferential trade agreements? The course aims to equip the students with the knowledge and skills necessary to answer these questions.

The readings for the course consist of chapters from books and journal articles. Students are encouraged to think about concepts and the models rather than merely memorizing results, and the subject matter is viewed from different angles to enable students to gain a deeper understanding of the issues. Throughout the course, examples of unresolved problems in the literature are also discussed. The objective is to nurture creativity, independence and an enthusiasm for life-long learning.

The learning and teaching philosophy for this course is consistent with the UNSW Guidelines on Learning and Teaching available at www.guideliningonlearning.unsw.edu.au.

3.4 Teaching Strategies

The examinable content of the course is defined by the references given in the Lecture schedule, the content of lectures, assignments and the content of the tutorials.

Lectures

The purpose of lectures is to provide a logical structure for the topics that make up the course, to emphasise the important concepts and methods of each topic, and to provide relevant examples to which the concepts and methods are applied. As not all topics will be presented extensively, students should refer to the assigned readings for further details and be sure to attempt the tutorial exercises.

Tutorials/Problem solving sessions

The object of the tutorials is to discuss various approaches to, and issues associated with the assigned problems and topics covered in the course.

Out-of-class study

While students may have preferred individual learning strategies, it is important to note that most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

An effective learning strategy (on which the course materials are based) is the following:

- (i) Prior to attending a lecture, read the assigned articles and/or book chapters (see reading list below). Occasionally, supplementary lecture materials will be provided which can be downloaded from the course website on WebCT Vista (see <http://vista.elearning.unsw.edu.au>).
- (ii) Attend the lecture. This is absolutely essential for this course as the textbook treatment of several topics, though elegant, is quite terse. Key concepts will be emphasised and demonstrated with examples.
- (iii) Attempt the problems discussed each week.

4. CONTINUAL COURSE IMPROVEMENT

Each year feedback is sought from students and other stakeholders about the courses offered in the School and continual improvements are made based on this feedback. UNSW's Course and Teaching Evaluation and Improvement (CATEI) Process is one of the ways in which student evaluative feedback is gathered. Significant changes to courses and programs within the School are communicated to subsequent cohorts of students.

5. LEARNING ASSESSMENT

5.1 Formal Requirements

In order to pass this course, you must obtain a total mark of at least 50 out of a maximum of 100. In addition, you have to separately pass the Final examination (i.e., get at least 50% marks in the final examination).

5.2 Assessment Details

Assessment will consist of two assignments and a final exam

Assignment 1 (Due Week 6)	25%
Assignment 2 (Due Week 10)	25%
Final Examination	50 %
TOTAL	100%

5.2.1 Assignments

The assignments will primarily focus on solving problems. Most of these problems will be based on the materials covered in the class. Occasionally students have to read some of the assigned materials on their own and answer the problems. It is not necessary that your answers be absolutely correct to get some credit but that you have demonstrated a genuine effort in answering the problems.

5.2.2 Mid-Session Examination

There is no mid-session examination for this course

5.2.3 Final Examination

The final examination will be 3 hours in duration and will be held in the University's final examination period in November. Information on the content of the final exam will be provided towards the end of session. The purpose of the final exam is to assess knowledge of the topics covered in the course.

5.3 Assignment Format

There is no special format for the two assignments although answers should be neatly set out and legible if handwritten.

5.4 Assignment Submission Procedure

The problem sets should be submitted by 5 pm Friday of the relevant week (see Course schedule for details). Students should keep a copy of all work submitted for assessment and keep returned marked assignments.

5.5 Late Submission

Late submission of assignments will incur a penalty of 10% per day.

5.6 Special Consideration and Supplementary Examinations

UNSW Policy and Process for Special Consideration

(see <https://my.unsw.edu.au/student/atoz/SpecialConsideration.html>)

- Applications for special consideration (including supplementary examinations) must go through UNSW Central administration (within 3 working days of the assessment to which it refers) – applications will **not** be accepted by teaching staff;
- Applying for special consideration does not automatically mean that you will be granted additional assessment or that you will be awarded an amended result;
- If you are making an application for special consideration (through UNSW Central Administration) please notify your Lecturer in Charge;
- Please note that a register of applications for Special Consideration is maintained. History of previous applications for Special Consideration is taken into account when considering each case.
- **Note:** Special consideration applications will need to be made within 3 days of the exam through NewSouthQ in the Chancellery. You should also advise the Lecturer-in-charge that you have made an application. You will need to provide full documentation of the reason for the absence (e.g. illness). Employment obligations of any kind are not acceptable reasons for absence from any examination or late submission of assignments.

ASB Policy and Process for Special Consideration and Supplementary Exams

In the ASB, requests for special consideration are determined by a Faculty wide panel which will advise the Lecturer in Charge of appropriate action.

If the Faculty panel (see above) grants a special consideration request, this may entitle the student to sit a supplementary examination. In such cases the following procedures will apply:

- Supplementary exams will be scheduled centrally and will be held approximately two weeks after the formal examination period. Actual date will be advised by mid-semester.
- Where a student is granted a supplementary examination as a result of a request for special consideration, the student's original exam (if completed) will not be marked and only the mark achieved in the supplementary examination will count towards the final grade.

Further information concerning supplementary examinations is available on the ASB website.

6. ACADEMIC HONESTY AND PLAGIARISM

The University regards plagiarism as a form of academic misconduct, and has very strict rules regarding plagiarism. For full information regarding policies, penalties and information to help you avoid plagiarism see: <http://www.lc.unsw.edu.au/plagiarism/index.html>.

Plagiarism is the presentation of the thoughts or work of another as one's own.* Examples include:

- direct duplication of the thoughts or work of another, including by copying work, or knowingly permitting it to be copied. This includes copying material, ideas or concepts from a book, article, report or other written document (whether published or unpublished), composition, artwork, design, drawing, circuitry, computer program or software, web site, Internet, other electronic resource, or another person's assignment without appropriate acknowledgement;
- paraphrasing another person's work with very minor changes keeping the meaning, form and/or progression of ideas of the original;
- piecing together sections of the work of others into a new whole;
- presenting an assessment item as independent work when it has been produced in whole or part in collusion with other people, for example, another student or a tutor; and,
- claiming credit for a proportion a work contributed to a group assessment item that is greater than that actually contributed.†

Submitting an assessment item that has already been submitted for academic credit elsewhere may also be considered plagiarism.

The inclusion of the thoughts or work of another with attribution appropriate to the academic discipline does *not* amount to plagiarism.

Students are reminded of their Rights and Responsibilities in respect of plagiarism, as set out in the University Undergraduate and Postgraduate Handbooks, and are encouraged to seek advice from academic staff whenever necessary to ensure they avoid plagiarism in all its forms.

The Learning Centre website is the central University online resource for staff and student information on plagiarism and academic honesty. It can be located at:

www.lc.unsw.edu.au/plagiarism

The Learning Centre also provides substantial educational written materials, workshops, and tutorials to aid students, for example, in:

- correct referencing practices;
- paraphrasing, summarising, essay writing, and time management;
- appropriate use of, and attribution for, a range of materials including text, images, formulae and concepts.

Individual assistance is available on request from The Learning Centre.

Students are also reminded that careful time management is an important part of study and one of the identified causes of plagiarism is poor time management. Students should allow sufficient time for research, drafting, and the proper referencing of sources in preparing all assessment items.

* Based on that proposed to the University of Newcastle by the St James Ethics Centre.
Used with kind permission from the University of Newcastle

† Adapted with kind permission from the University of Melbourne.

7. STUDENT RESPONSIBILITIES AND CONDUCT

7.1 Workload

It is expected that you will spend at least **ten hours** per week studying this course. This time should be made up of reading, research, working on exercises and problems, and attending classes. In periods where you need to complete assignments or prepare for examinations, the workload may be greater.

Over-commitment has been a cause of failure for many students. You should take the required workload into account when planning how to balance study with employment and other activities.

7.2 Attendance

Your regular and punctual attendance at lectures and tutorials is expected in this course. The lecture will synthesize materials from different readings and hence attendance is critical to broad understanding of the issues. University regulations indicate that if students attend less than eighty per cent of scheduled classes they may be refused final assessment.

7.3 General Conduct and Behaviour

You are expected to conduct yourself with consideration and respect for the needs of your fellow students and teaching staff. Conduct which unduly disrupts or interferes with a class, such as ringing or talking on mobile phones, is not acceptable and students may be asked to leave the class. More information on student conduct is available at: www.my.unsw.edu.au

7.4 Keeping informed

You should take note of all announcements made in lectures, tutorials or on the course web site. From time to time, the University will send important announcements to your university e-mail address without providing you with a paper copy. You will be deemed to have received this information.

8. STUDENT RESOURCES

8.1 Course Resources

The prescribed textbook for this subject (available at the UNSW Bookshop) is

Feenstra. R., *Advanced International Trade: Theory and Evidence*, Princeton University Press, 2006.

Feenstra's book is a recent one and covers a wide variety of materials ranging from classical trade models to organization of firms (e.g., offshoring versus internal production). However there are some classic texts in international trade which you might wish to consult for in depth treatment of some of the materials (specially the general equilibrium modeling)

Woodland. A., *International Trade and Resource Allocation*, North Holland, 1982

Bhagwati, J., Panagariya, A., and T. Srinivasan. *Lectures on International Trade* (second edition), MIT Press, 1998

The examinable content of the course is defined by the references given in the Lecture schedule, the content of lectures, assignments and the content of the tutorials.

Additional References

Students may find the following textbooks (available in the UNSW library) useful for some parts of the course.

Occasionally, students might find it worthwhile to brush up the key concepts from undergraduate trade textbooks. Here is one you might wish to consult

Krugman, P. and M. Obstfeld, *International Economics Theory and Policy*, 7th edition, Addison and Wesley, 2006.

Copies of the supplementary lecture notes, whenever needed, will be available on the course website on WebCT Vista. Journal articles can be downloaded from the e-journals option on SIRIUS on the UNSW Library website. The assigned books are available from the Library (usually on open reserve).

8.2 Other Resources, Support and Information

The University and the Faculty provide a wide range of support services for students, including:

- **Learning and study support**
 - o FCE Education Development Unit (<http://education.fce.unsw.edu.au>)
 - o UNSW Learning Centre (<http://www.lc.unsw.edu.au>)
 - o EdTec – WebCT Vista information (<http://vista.elearning.unsw.edu.au>)
- **Counselling support** - <http://www.counselling.unsw.edu.au>
- **Library training and support services** - <http://info.library.unsw.edu.au>
- **Disability Support Services** – Those students who have a disability that requires some adjustment in their teaching or learning environment are encouraged to discuss their study needs with the Course Coordinator or the Equity Officer (<http://www.equity.unsw.edu.au/disabil.html>). Early notification is essential to enable any necessary adjustments to be made.

In addition, it is important that all students are familiar with University policies and procedures in relation to such issues as:

- **Examination procedures** and advice concerning illness or misadventure <https://my.unsw.edu.au/student/academiclife/assessment/examinations/examinationrules.html>
- **Occupational Health and Safety** policies and student responsibilities; <http://www.riskman.unsw.edu.au/ohs/Policies%20&%20Procedures/UNSW%20OHS%20Accountability.pdf>

9. COURSE SCHEDULE

Weeks 1 – 4: Classical trade models

Topics

- (i) Preliminaries – production function, cost function
- (ii) General equilibrium
- (iii) Comparative advantage
- (iv) Ricardian Model
- (v) Heckscher Ohlin Model
- (vi) Stolper-Samuelson Theorem
- (vii) Rybczynski Theorem
- (viii) Factor-price equalization Theorem
- (ix) Leontief Paradox
- (x) Empirical tests of Ricardian and Heckscher Ohlin models
- (xi) Specific factors model

Readings

*Feenstra, Chapters 1-2

Week 5: Problem solving

Week 6: First assignment due [Friday 5 pm (AEST), September 5]

Weeks 6 – 8 ---Imperfect competition and strategic trade policy

Topics

- (i) Monopolistic Competition Model
- (ii) Tariffs and Quotas
- (iii) Export subsidies

Readings

*Feenstra, Chapters 7-8

Week 9: Problem solving

Week 10: Second assignment due [Friday 10 pm (AEST), October 10]

Weeks 10 – 12: Miscellaneous topics

Topics

- (i) Political Economy of Trade Policy

- (ii) Trade Agreements: Regionalism versus Multilateralism
- (iii) Foreign Direct Investment

Readings

Feenstra, Chapter 6, 9, and 11.

Markusen, J., *Multinational firms and the theory of international trade*, MIT Press, pp 1-60.

*Relevant papers, especially for materials in weeks 10 – 12 will be added in due course.