

Course Outline 2017

ECON 341: INTERNATIONAL TRADE (15 POINTS)

Semester 1 (1173)

Course Prescription

This is a one semester course in international trade, theory and policy. The course will aim to explain patterns of world production and trade and ask if international trade is beneficial. This will be done with the help of models from international trade theory that are important components of the toolkit of contemporary trade economists. The course will also explore the phenomena of outsourcing and international mobility of labor (immigration) and capital (Foreign Direct Investment (FDI)). The course will analyze and compare instruments of trade policy and evaluate their impact on domestic and international welfare. Finally, the course will study the world trading system, including the World Trade Organization (WTO) and international trade agreements.

Programme and Course Advice

The prerequisite for this course is ECON 201 Microeconomics.

Students wishing to specialize in International Economics should also consider taking ECON 352 International Finance. Students planning to specialize in International Trade and International Finance at a higher level are advised to take this course (ECON 341) first.

Goals of the Course

The objective of this course is to provide a foundation in international trade theory and enable the student to apply this theory to the study of issues in globalization, economic integration and trade policy. Broadly, the goals are to i) understand existing patterns of international trade ii) ask if trade is beneficial for individual economies and the wider international community and if there are winners and losers from trade iii) study the conduct of trade policy, its objectives and impacts iv) gain familiarity with the world trading system.

This course is designed to serve both as a stand-alone course in international trade theory and policy, and as a foundation for further study of advanced international trade theory and international economics.

Learning Outcomes

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

- 1) understand the major models of international trade and compare and contrast them.
- 2) understand the principle of comparative advantage, including its formal expression.
- 3) analyze the linkages between trade, labor and capital movements, international fragmentation of production, economic well-being and the income distribution and to identify and critically examine policy implications of these linkages.

- 4) apply equilibrium models to analyze the economic effects of policy interventions including tariffs, quotas, export subsidies, anti-dumping duties, countervailing duties and the creation of preferential trading agreements.
- 5) critically analyze these policy interventions in terms of their costs and benefits, including their implications for economic well-being, performance and competitiveness.
- 6) Understand major recent developments in the world trading system and comment critically on their effects on individual economies and on the wider international community.

Content outline and schedule (tentative)

Week 1	Introduction; Trade and Technology (The Ricardian Model)
Week 2	Specific-factors Model
Week 3	Heckscher-Ohlin Model; <i>Tutorial/Class Activity</i>
Week 4	Movement of Labor
Week 5	Movement of Capital
Week 6	<i>Tutorial/Class Activity</i> ; Increasing Returns to Scale
BREAK	
Week 7	Test 1; Offshoring
Week 8-9	Import Tariffs and Quotas; <i>Tutorial/Class Activity</i>
Week 10	Export Subsidies
Week 11	WTO/Trade Agreements; <i>Tutorial/Class Activity</i>
Week 12	Review; Test 2

Learning and Teaching

Lectures:

Lectures will be held twice a week as follows:

Thursday 12:00 PM - 2:00 PM OGHLeTh/102-G36

Lectures form a core component of this course. Students must ensure that they are available to attend lectures during these times. Students should pay close attention to the class schedule and read the material prior to class. They are welcome to share new ideas during class and are encouraged to read about current events in the world economy throughout the semester.

There will be four Tutorial/Class Activity sessions held during lectures over the course of the semester. The tutorial will involve problem solving in class, either individually or in groups. This is also meant to provide some practice for tests and exams. The class activity may involve group-discussions, group-activities or debates aimed at applying concepts learnt in class to real world problems.

Lectures will be recorded and posted online. Lecture recordings are made available to students at the discretion of the lecturer. Tutorial/Class Activity lectures will not be recorded. Tutorial problems and solutions will be made available online two or three days before the tests.

Online material:

Course material, including lecture slides will be made available online on CANVAS. Announcements pertaining to the course will be made online and students are required to read these announcements.

Prescribed Text:

Feenstra, Robert C. and Alan M. Taylor, 2014, International Economics, 3rd edition, Worth Publishers (ISBN-13: 978-1-4292-7844-7; ISBN-10: 1-4292-7844-7)

The textbook should be available at the bookstore. A copy is also available on short loan in the General Library. Alternate editions of the book can be used, however, students should be aware that there may be small differences between editions.

Some useful links:

WTO, <http://www.wto.org>

UNCTAD, <http://www.unctad.org>

OECD, <http://www.oecd.org>

Ministry of Foreign Affairs and Trade, NZ, <http://www.mfat.govt.nz>

Economists:

For a glossary of terms used in international economics, see Alan Deardorff's (University of Michigan) website at

<http://www-personal.umich.edu/~alandear/glossary/>

Paul Krugman (Princeton University website): <https://www.princeton.edu/~pkrugman/>

Assessment

The final grade will be composed to two components: Coursework (50%) and a Final Exam (50%). Coursework will consist of two in-class Tests (20% each) and one Assignment (10%). More information on Tests, the Assignment and the Final Exam will be made available over the course of the semester.

Plussage does NOT apply.

The two Tests will be held in class as follows:

Mid Semester Test Dates In-class	
Semester 1 – Test 1 (Week 7)	Wednesday May 3, 2017 in class, 12:00 PM start
Semester 1 – Test 2 (Week 12)	Thursday June 8, 2017 in class, 12:00 PM start

The Assignment will be due around Week 11 and should be handed in at assignment boxes on Level 0, Owen G. Glenn Building. Exact dates will be provided at the start of the semester.

Learning Outcome	Test 1	Test 2	Assignment	Final Examination
1	X		X	X
2	X		X	X
3	X		X	X
4		X	X	X
5		X	X	X
6		X		X

Lecturer Information

Name: Dr Asha Sundaram

Office: OGGB 6103	https://sites.google.com/site/ashasundaram/home
Email: a.sundaram@auckland.ac.nz	On Twitter: @assundar

Office hours will be announced at the beginning of the semester.

Course Policies

Student must ensure that they hand in the Assignment on the due date. No extension will be granted. There will be a severe penalty imposed on any late hand-ins up to a time stipulated by the lecturer. All students enrolled in the class are expected to take the exams on the scheduled dates.

An exception to this rule may be made in the case of a legitimate and pressing need to be excused, such as an illness, bereavement or other emergency, at the discretion of the lecturer. Please contact the lecturer if you experience such a circumstance along with any evidence you might have.

Calculators will not be necessary during tests and exams and will not be allowed into the test or examination room.

Cheating and Plagiarism

The University of Auckland regards cheating as a serious academic offence. Cheating and copying on tests and exams will not be tolerated. Students are not allowed to copy Assignments from fellow students. Any student caught doing any of the above will face serious penalties.

Plagiarism is a form of cheating. In coursework assignments submitted for marking, plagiarism can occur if you use the work and ideas of others without explicit acknowledgment. Work can be plagiarised from many sources, including books, journal articles, the internet, and other students' assignments. A student's assessed work may be reviewed against electronic source material using computerised detection mechanisms. Upon reasonable request, students may be required to provide an electronic version of their work for computerised review.

The way of avoiding plagiarism is to reference your work properly. If you are in doubt about how to reference properly, ask someone – your lecturers, tutors and the Student Learning Centre are good places to start. Please refer to the following website for further information about academic referencing: www.cite.auckland.ac.nz/

The document *Guidelines: Conduct of Coursework* provides further advice on how to avoid plagiarism. It can be found at: <https://policies.auckland.ac.nz/policies/Policies/policy-display-register/guidelines-for-the-conduct-of-coursework.pdf>

The penalties for plagiarism can be severe, including losing some or all of the marks for the work. Major offences can be sent to the University's Discipline Committee, where further penalties can be imposed.

Third Party Assistance with Coursework

While you are encouraged to improve your coursework writing skills and are permitted to seek assistance from third parties you are advised that there are important limits on the amount and type of assistance that can be given to you in completing your assignments, including group work. Third parties include fellow students, reading groups, friends, parents, SLC tutors, and paid-for professional editing services.

There is a set of guidelines which clearly indicates the type of advice and assistance that can be given. If you are seeking the assistance of any third party you are required to give a copy of the guidelines to the person prior to them helping or assisting you.

You are also required to only seek and accept help using a printed version of your work, not an electronic version. You must keep a copy of this printed version and produce it if required.

A copy of the guidelines is available at:

www.business.auckland.ac.nz/thirdpartyassistance

Help with Academic Referencing

Acknowledgement of sources is an important aspect of academic writing. The University's Referen@ite website www.cite.auckland.ac.nz provides students with a one-stop online resource for academic referencing needs. Referen@ite explains the essentials of referencing and how to avoid plagiarism. It also includes practical tools to help students reference correctly, use references effectively in writing, and gives fast access to some major reference formats with examples.

Inclusive Learning

Students are urged to discuss privately any impairment-related requirements face-to-face and/or in written form with the course convenor/lecturer and/or tutor.

Student Feedback

Student feedback is encouraged in this course. During the semester, students may directly submit their feedback to the lecturer, or they may wish to submit feedback through the class representative.

Class representatives

At the beginning of each semester, you will elect a class representative for the course^[1]. The role of the class representative is to gather feedback from students in the course and bring this to the lecturer and/or the Department. Class representatives' email addresses are posted on CANVAS and you are encouraged to contact them with feedback relating to the course. You are also encouraged to talk to the class representatives in person.

Staff-Student Consultative Committee

Class representatives also submit feedback to the Department of Economics Staff Student Consultative Committee (SSCC), which meets up to three times per semester to gain feedback regarding the course. Only class representatives may attend the SSCC meetings, and they will ask the class for feedback before the SSCC meeting.

Course and teaching evaluations

At the end of the semester, you could have the opportunity to submit an evaluation of the course in a formative feedback questionnaire.

[1] An election will not take place if the number of applicants for the class representative positions equals the number of positions available.