Course Outline
2018
ECON 741: TOPICS IN INTERNATIONAL TRADE (15 POINTS)

Semester 2 (1185)

Course Prescription
Advanced treatment of selected developments in international trade theory, current trade policy issues, and trade policy modelling.

Programme and Course Advice
It is assumed that students have successfully completed ECON 341 International Trade. A working knowledge of multivariable calculus and linear algebra is also required. It will also be assumed that students have taken courses in microeconomic theory or have the equivalent background. Students who feel that they lack sufficient background should contact the lecturer before they enrol in the course.

Goals of the Course
The goal of the course is to provide students with a detailed understanding of key policy issues in international trade and how theory helps understand them.

- Why does New Zealand export dairy products, the US export aircraft and China export electronics?
- Why is there such passionate debate over trade agreements like the Trans-Pacific Partnership (TPP)?
- Does outsourcing increase wage inequality? Should governments impose taxes on firms that outsource tasks to East-Asia?
- What implications will trade wars between countries have on welfare?

These are types of questions we will tackle in this course. A guiding principle governing the structure and content of the course is that the relevance of international trade theory is best understood through empirical analysis and application to real world issues. Hence, the course will have a strong theoretical and empirical component. The course structure includes lectures on theory, computer-based empirical exercises where we ‘test’ and explore the theory using statistical software on actual data and seminars where we debate relevant trade-related questions.

Learning Outcomes
Upon completion of the course, students will

<table>
<thead>
<tr>
<th>Learning Outcome</th>
<th>Graduate capability profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>L1</td>
<td>Have a better understanding of why countries trade and who benefits and loses from</td>
</tr>
<tr>
<td>Week/Module</td>
<td>Topic</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>Theories of comparative advantage: Ricardo model</td>
</tr>
<tr>
<td>2-3</td>
<td>Factor Endowment Models</td>
</tr>
<tr>
<td>4-5</td>
<td>Trade and Imperfect Competition</td>
</tr>
<tr>
<td>6-7</td>
<td>Trade with heterogeneous</td>
</tr>
</tbody>
</table>

**Content Outline**

# Teaching

The course will be taught in the second semester. There will be one three-hour lecture per week.

## Teaching Staff

**Asha Sundaram**  
Office: OGGB – Room 6103  
Tel: 923 8312  
Email: a.sundaram@auckland.ac.nz

## Learning Resources

### Recommended Text:

### Readings:
- A weekly reading list will be posted on CANVAS.

### Additional texts:

<table>
<thead>
<tr>
<th>Session</th>
<th>Topic Description</th>
<th>Texts/Readings</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Student seminars</td>
<td>Topics will be discussed in class and based on student interest, Seminar presentation in-class</td>
</tr>
<tr>
<td>9</td>
<td>Trade policy in perfectly competitive markets</td>
<td>Chapter 7 Plus additional readings from the reading list</td>
</tr>
<tr>
<td>10</td>
<td>Trade policy in Imperfectly Competitive Markets &amp; Strategic Trade Policy</td>
<td>Chapter 8 Plus additional readings from the reading list</td>
</tr>
<tr>
<td>11</td>
<td>Political Economy of Trade Policy &amp; Trade and Institutions</td>
<td>Chapter 9 Plus additional readings from the reading list, Assignment 2</td>
</tr>
<tr>
<td>12</td>
<td>Topics in Trade and Review</td>
<td>See reading list, Empirical Assignment</td>
</tr>
</tbody>
</table>


**Empirical Exercises**

The course will use the statistical package STATA for empirical exercises. The STATA software is available on the student network on campus. Students will get hands-on experience with the package during computer lab sessions.

**Assessment**

<table>
<thead>
<tr>
<th>Assessment Task</th>
<th>Weight %</th>
<th>Group and/or individual</th>
<th>Submission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assignment 1</td>
<td>10</td>
<td>Individual</td>
<td>August 24, 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hand in: Student Resource Centre, Level 0, Owen G. Glenn Building.</td>
</tr>
<tr>
<td>Seminar Presentation</td>
<td>20</td>
<td>Individual</td>
<td>Week 8 During class time</td>
</tr>
<tr>
<td>Assignment 2</td>
<td>10</td>
<td>Individual</td>
<td>October 12, 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hand in: Student Resource Centre, Level 0, Owen G. Glenn Building.</td>
</tr>
<tr>
<td>Empirical Assignment</td>
<td>20</td>
<td>Individual</td>
<td>October 19, 2018</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Hand in: Student Resource Centre, Level 0, Owen G. Glenn Building.</td>
</tr>
<tr>
<td>Final examination</td>
<td>40</td>
<td>Individual</td>
<td>Final exam period</td>
</tr>
</tbody>
</table>

**Pass requirement**

As a general rule, you will need to score 50% to pass the course. Plussage does **NOT** apply.

**Preparation**

Relevant chapters of Feenstra are a must-read. The best way to prepare is to attend all lectures and intimately know the required readings from the reading list, problem sets and assignments.

<table>
<thead>
<tr>
<th>Learning Outcome</th>
<th>Assignment 1</th>
<th>Seminar Presentation</th>
<th>Assignment 2</th>
<th>Empirical Assignment</th>
<th>Final Examination</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>2</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>
Academic Integrity

The University of Auckland will not tolerate cheating, or assisting others to cheat, and views cheating in coursework as a serious academic offence. The work that a student submits for grading must be the student’s own work, reflecting his or her learning. Where work from other sources is used, it must be properly acknowledged and referenced. This requirement also applies to sources on the worldwide web. A student’s assessed work may be reviewed against electronic source material using computerised detection 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 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.

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 through a face-to-face appointment, 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. 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.

In the event of an unexpected disruption

We undertake to maintain the continuity and standard of teaching and learning in all your courses throughout the year. If there are unexpected disruptions, the University has contingency plans to ensure that access to your course continues and your assessment is fair, and not compromised. Some adjustments may need to be made in emergencies. In the event of a disruption, the University and your course coordinators will make every effort to provide you with up to date information via Canvas and the University website.

Graduate Profile for BCOM (Economics)

The following six themes represent the capabilities that the Business School seeks to foster in all of its graduates. The development of these capabilities does not come all at once, but rather is expected to build from year to year. Each course is not expected to contribute to all capabilities, but each course will have its own goals and learning outcomes that relate to the overall development of this profile.

1) DISCIPLINARY KNOWLEDGE AND PRACTICE - Graduates will be able to demonstrate and apply a breadth of knowledge across disciplines, as well as specialist knowledge within one or more of them, while recognising the relevancy of this knowledge within a global context

   Disciplinary knowledge and practice

2) CRITICAL THINKING - Graduates will be able to analyse and critique theory and practice to develop well-reasoned arguments

   Critical thinking

3) SOLUTION SEEKING - Graduates will be able to identify and frame problems using analytical skills to create and evaluate innovative solutions.

   Solution seeking
   Quantitative reasoning

4) COMMUNICATION AND ENGAGEMENT - Graduates will be able to collaborate and communicate effectively in diverse business contexts using multiple formats.

   Oral communication
   Written communication
   Engagement

5) INDEPENDENCE AND INTEGRITY - Graduates will be able to respond professionally and ethically, demonstrating a capacity for independent thought and learning.

   Independence
   Integrity

6) SOCIAL AND ENVIRONMENTAL RESPONSIBILITIES - Graduates will recognise the significance of the principles underpinning the Treaty of Waitangi and consider their obligations in relation to sustainability, whilst displaying constructive approaches to diversity.

   Social responsibility
   Environmental responsibilities