

# Macao Polytechnic Institute

## School of Business

### Bachelor of Accounting

#### Module Outline

Academic Year 2020/2021 Semester 1

<b>Learning Module</b>	Trade Theories and Policies			<b>Class Code</b>	ECON4120-411
<b>Pre-requisite(s)</b>	Nil				
<b>Medium of Instruction</b>	English			<b>Credit</b>	3
<b>Lecture Hours</b>	45 hours	<b>Lab/Practice Hours</b>	0 hr	<b>Total Hours</b>	45 hours
<b>Instructor</b>	Adrian Lao		<b>E-mail</b>	hhlao@ipm.edu.mo	
<b>Office</b>	M548, Meng Tak Building, Main Campus		<b>Telephone</b>	8599-3294	

#### Description

This course introduces the main concepts and methods of international trade theory and policy, and illustrates them with real-world applications. Students will learn the theoretical models underpinning in trade theories and policies. Topics include law of comparative advantage, factor endowments, tariff and non-tariff barriers, economic integration, subsequent economic effects and other trade theories.

#### Learning Outcomes (Course Intended Learning Outcomes, CILOs)

Upon completion of this course, students should be able to:

1. evaluate the effects of globalization;
2. discuss the theories and sources of comparative advantage;
3. analyze tariff and non-tariff trade policies;
4. examine trade policies of the United States and the developing nations;
5. compare different types of regional trading arrangements;
6. relate international factor movements to multinational enterprises.

**Content\***

<b>Topic</b>	<b>Chapter</b>	<b>Duration</b>
<b>The International Economy and Globalization</b> <ul style="list-style-type: none"> <li>– Economic Interdependence: Federal Reserve Policy Incites Global Backlash</li> <li>– Waves of Globalization</li> <li>– Why is Globalization Important?</li> <li>– Globalization and Competition</li> <li>– Common Fallacies of International Trade</li> <li>– Is International Trade an Opportunity or a Threat to Workers?</li> <li>– Has Globalization Gone Too Far?</li> </ul>	1	3.0 hours
<b>Foundations of Modern Trade Theory: Comparative Advantage</b> <ul style="list-style-type: none"> <li>– Historical Development of Modern Trade Theory</li> <li>– Production Possibilities Frontiers</li> <li>– Trading under Constant-Cost Conditions</li> <li>– Dynamic Gains from Trade</li> <li>– Changing Comparative Advantage</li> <li>– Trading under Increasing-Cost Conditions</li> <li>– Comparative Advantage Extended to Many Products and Many Countries</li> <li>– Empirical Evidence of Comparative Advantage</li> <li>– Comparative Advantage and Global Supply Chains</li> </ul>	2	4.5 hours
<b>Sources of Comparative Advantage</b> <ul style="list-style-type: none"> <li>– Factor-Endowments as a Source of Comparative Advantage</li> <li>– Is International Trade Responsible for the Loss of American Manufacturing Jobs? How about Robots instead?</li> <li>– Overlapping Demands as a Basis for Trade</li> <li>– Intra-industry Trade</li> <li>– Technology as a Source of Comparative Advantage</li> <li>– Dynamic Comparative Advantage: Industrial Policy</li> <li>– Government Regulatory Policies and Comparative Advantage</li> <li>– Transportation Costs and Comparative Advantage</li> </ul>	3	4.5 hours
<b>Tariffs</b> <ul style="list-style-type: none"> <li>– Types of Tariffs</li> <li>– Effective Rate of Protection</li> <li>– Outsourcing and Offshore-Assembly Provision</li> <li>– Dodging Import Tariffs: Tariff Avoidance and Tariff Evasion</li> <li>– Tariff Welfare Effects: Consumer Surplus and Producer Surplus</li> <li>– Tariff Welfare Effects: Small-Nation Model</li> <li>– How a Tariff Burdens Exporters</li> <li>– Arguments for Trade Restrictions</li> <li>– Would a Tariff Wall Really Protect U.S. Jobs?</li> <li>– The Political Economy of Protectionism</li> </ul>	4	4.5 hours
<b>Test 1 (Chapters 1, 2, 3)</b>		1.5 hours
<b>Nontariff Trade Barriers</b> <ul style="list-style-type: none"> <li>– Absolute Import Quota</li> <li>– Tariff-Rate Quota: A Two-Tier Tariff</li> <li>– Export Quotas</li> <li>– Domestic Content Requirements</li> <li>– Subsidies</li> <li>– Dumping</li> </ul>	5	4.5 hours

<ul style="list-style-type: none"> <li>- Antidumping Regulations</li> <li>- Other Nontariff Trade Barriers</li> </ul>		
<b>Trade Regulations and Industrial Policies</b> <ul style="list-style-type: none"> <li>- U.S. Tariff Policies Before 1930</li> <li>- General Agreement on Tariffs and Trade</li> <li>- World Trade Organization</li> <li>- Safeguards, Countervailing &amp; Antidumping Duties</li> <li>- Section 301: Protection against Unfair Trading Practices</li> <li>- Protection of Intellectual Property Rights</li> <li>- Industrial Policies of the U.S.</li> <li>- Strategic Trade Policy</li> <li>- Economic Sanctions</li> </ul>	6	4.5 hours
<b>Trade Policies for the Developing Nations</b> <ul style="list-style-type: none"> <li>- Developing Nation Trade Characteristics</li> <li>- Tensions between Developing Nations and Advanced Nations</li> <li>- Trade Problems of the Developing Nations</li> <li>- Stabilizing Primary-Product Prices</li> <li>- Aiding the Developing Countries</li> <li>- Economic Growth Strategies: Import Substitution versus Export-Led Growth</li> <li>- East Asian Economies</li> </ul>	7	4.5 hours
<b>Test 2 (Chapters 4, 5, 6)</b>		1.5 hours
<b>Regional Trading Arrangements</b> <ul style="list-style-type: none"> <li>- Regional Integration versus Multilateralism</li> <li>- Types of Regional Trading Arrangements</li> <li>- Effects of a Regional Trading Arrangement</li> <li>- The European Union</li> <li>- Economic Costs and Benefits of a Common Currency: The European Monetary Union</li> <li>- North American Free Trade Agreement</li> </ul>	8	4.5 hours
<b>International Factor Movements and Multinational Enterprises</b> <ul style="list-style-type: none"> <li>- The Multinational Enterprise</li> <li>- Motives for Foreign Direct Investment</li> <li>- Supplying Products to Foreign Buyers: Whether to Produce Domestically or Abroad</li> <li>- International Trade Theory and Multinational Enterprise</li> <li>- International Joint Ventures</li> <li>- Multinational Enterprises as a Source of Conflict</li> <li>- International Labor Mobility: Migration</li> </ul>	9	4.5 hours
<b>Final Exam</b>		3.0 hours
<b>Total</b>		<b>45 hours</b>

*\*The above are preliminary time assignment for each topic, and would be modified in accordance with the actual progress in class in the light of students' performance and their progress of understanding under the instructor's discretion. Students should read the required chapter(s) BEFORE coming to class and are responsible for ALL materials covered in class AND in the textbook.*

## Teaching Method

	CILOs	Description
1.	CILOs 1-6	Interactive Lectures <ul style="list-style-type: none"><li>• Lectures: In-depth coverage of international trade theories and policies is presented with slides and other additional illustration materials if necessary.</li><li>• Q&amp;As: Time is allowed to raise questions from both sides (instructor and students).</li></ul>
2.	CILOs 1-6	In-class Discussions and Exercises <ul style="list-style-type: none"><li>• In-class discussions and exercises will be used to enhance students' understanding of both theories and real-world issues related to international economics.</li></ul>

## Attendance

Attendance during the course must meet the attendance requirements as stated in the “Academic Regulations Governing Bachelor’s Degree Programmes of Macao Polytechnic Institute”. Students who have less than the required attendance for the enrolled subject are not eligible to attend the final or re-sit examinations and will be given an “F” as their final grade.

## Assessment

	CILOs	Item	Percentage
1.	CILOs 1-6	Participation	7%
2.	CILOs 1-4	Assignments	18%
3.	CILOs 1-4	Tests	25%
4.	CILOs 1-6	Final Exam	50%
		Total:	100%

## Plagiarism Policy

It is student’s responsibility to ensure that his/her assignment has been checked by *Turnitin* software, and the similarity score given by *Turnitin* software cannot be higher than 30%. However, a special case can be determined by the instructor.

## **Teaching Materials**

### **Required textbook**

Carbaugh, Robert J. (2019). *International Economics*. 17<sup>th</sup> edition. Cengage Learning.

### **References**

Appleyard, Dennis and Alfred Field. *International Economics*. 8<sup>th</sup> edition. McGraw-Hill.

Feenstra, Robert C. and Alan M. Taylor. *International Economics*. 2<sup>nd</sup> edition. Worth Publishers.

Husted, Steven and Michael Melvin. *International Economics*. 9<sup>th</sup> edition. Pearson.

Krugman, Paul R, Maurice Obstfeld and Marc Melitz. *International Economics: Theory and Policy*. 9<sup>th</sup> edition. Pearson.

Pugel, Thomas A. *International Economics*. 13<sup>th</sup> edition. McGraw-Hill.

Salvatore, Dominick. *International Economics*. 11<sup>th</sup> edition. Wiley.

<http://www.cengagebrain.com>

*The Economist*

**Alignment of Program Intended Learning Outcomes (PILOs) and Course Intended Learning Outcomes (CILOs)**

PILOs \ CILOs	1	2	3	4	5	6
1. Integrate the contemporary theories, principles of accounting and business disciplines relevant to general business practice.	√	√	√	√	√	√
2. Assess general business scenarios with mathematical and statistical skills.	√	√	√	√	√	√
3. Apply critical thinking and logical analysis skills and techniques to solve business problems.	√	√	√	√	√	√
4. Interpret and analyze accounting information for internal control, planning, performance evaluation, and coordination to continuously improve business process.						
5. Apply accounting or business software for business analysis.						
6. Develop queries to assess management information from database to improve efficiency and effectiveness.						
7. Synthesize the latest requirement of international accounting and auditing standards in preparing financial statements and auditing reports.						
8. Utilize appropriate written and spoken forms to communicate effectively with stakeholders in various cultural environments.						
9. Recommend an appropriate course of action by ethically examining the economic, environmental, political, legal and regulatory contexts of global business practice.		√	√	√	√	√
10. Utilize the latest empirical findings and academic studies to support the recommendation of business projects.						