Description: The course is about the economy of Hawaii. The primary focus will be on understanding the economic challenges facing Hawaii. The course is designed so that you will understand Hawaii’s economy from three important perspectives:

1) Why we are the way we are: an exploration of the historical development of Hawaii’s economy from pre-contact to modern times;
2) Where we are: an analysis of the current structure of the economy of the Aloha State with specific attention to current economic issues;
3) Where we are going: a discussion of future directions and options for the people and economy of Hawaii.

Prerequisite: Completion of one semester of introductory economics

Objectives: In this course you will:
- Understand the significance of Hawaii’s monarchial and sugar plantation past of the political economy of today’s Hawaii
- Apply macroeconomic and microeconomic concepts to the economy of Hawaii (including measures of output, factor inputs, input utilization, productivity, economic structure, sources of economic growth, sources of economic competitiveness)
- Conduct web based research for Hawaii economic statistics and produce graphs to illustrate trends (Excel)
- Conduct issue-related research, using sources available to you (www, library, primary data collection)
- Become involved in reviewing and commenting on Economic Momentum Commission recommendations and preparing own recommendations

Required reading:
1) Selected readings from books, journal articles and policy papers
2) Thomas Kemper Hitch, Islands in Transition, 1992
3) Christopher Grandy, Hawaii Becalmed, 2002
Grading and Student Expectations:

1) 3 Exams (2 mid terms 100 each, final 150 points, respectively). These exams will generally consist of short answer questions and one or two essay questions with elements ranging from listing and describing to explaining and discussion current and historical issues in Hawaii’s economy

2) 2 Homework assignments (25 points each)

Grading Summary: Exams (350 points) + Homework (50 points) = 400 points.

Class preparation: This course will require a significant amount of reading and writing. You will be expected to read in advance and be prepared to discuss in class.

Late work: All work is expected to be submitted on time. Assignments are due at the beginning of class on the day specified. Assignments turned in after class are considered to be 1 day late, the next day, 2 days late, etc. Late submissions will be subject to grade penalties at the rate of half a grade per day, including weekend days or holidays.

Plagiarism: You are expected to present your thoughts in your own writing. Occasionally you may find it stylistically useful to cite someone else’s works. When you do so, and it should be on a limited basis, you must provide documentation of the source.
Historical Development (Weeks 1 through 3)

1. Hitch, Chapters 1 and 2

The Plantation Economy to Modern Economy (Weeks 4 through 5)

1. Hitch, Chapters 3 through 7

Exam 1 September 26

The Structure of Hawaii’s Economy (Weeks 6 to 8)


2. U.S. Department of Commerce, Bureau of Economic Analysis, GSP Help File

Homework 1 due after this section (October 3)

Comparative Advantage and Diversification

1) Robert Ebel, James Mak, and James Moncur, “The future of Hawaii’s major exports,”

Capital Accumulation/Technology & Human Capital Formation
2. DBEDT, “Productivity in Hawaii’s Economy” & “Primer on Productivity”

**Major Industries (Weeks 9-12)**

**Tourism**

1. James Mak, *Tourism*, handout
3. Handout: State of Hawaii Agriculture Declaration Form

Homework on tourism: Due October 26

**Agriculture and Land**

1. Ordway, Government and Housing, in Price of Paradise, vol. II
2. Keith, Land Regulation, in Price of Paradise, vol. II
4. Handout: DBEDT, Databook, Table: 6.04 Estimated Acreage of land use districts
5. Chapters 21-24, in Price of Paradise, vol 1

**Government**

1. Fox, Excise Taxes, in Prices of Paradise, Vol 2
2. Fox, Taxing Food and Medical Care, Vol 2
3. Tables State Business Tax Climate, State Government Tax Collections

**Exam 2 November 14**

**Economic Revitalization and Future Growth Issues**

**Economic Revitalization Task Force and the 1990s**

2. DBEDT, Hawaii’s Economic Future: Proposals of the Economic Revitalization Task Force
3. Handouts on Tax Collections and Government Finances
Economic Momentum Commission and other topical issues

1. Summary of Recommendations of the Economic Momentum Commission

Traffic

1. Rose, Funding Rapid Transit, in Price of Paradise, Volume 1

Gambling

1. Legalized Gambling, Laney and McClain, in Price of Paradise, Vol 2

Income Distribution

1. DBEDT, Hawaii’s Economy, Income Distribution in Hawaii

Wages

1. Tables: Hawaii Rankings of Average Nominal Wage

Education

1. DBEDT, Education and the Economy (handout)