ECONOMICS 460: INTERNATIONAL TRADE & WELFARE

Time and Place:
- Tuesdays and Thursdays, 3:00-4:15pm, BUSAD (Business Administration) A102

Contact Information and Office Hours:
- **Office:** Saunders Hall 531  **Phone:** 808-956-7296  **E-mail:** baybars@hawaii.edu
- **Office Hours:** Tuesdays and Thursdays 10:50-11:50am and by appointment (please e-mail)

Course Objectives:
In this course, the aim is to gain a solid background in both international trade theory and trade policy. We will go over main theoretical models to rigorously analyze why nations trade, what they trade, and the cost and benefits of trade. At the same time we will discuss some empirical (data driven) tests of the models and their real world implications. We will then examine trade policy instruments and how and why nations choose their policies. We will look at multilateral and preferential trade agreements and try to gain a better understanding of the current trade issues faced by nations. Other main topics may include international migration and multinational corporations.

Problem identification and problem solving skills are crucial elements of this course. The problem solving techniques rely heavily on algebraic and mostly graphical methods. Thus, you will get a chance to improve your analytical skills as well.

Prerequisite: ECON 301 Intermediate Microeconomics

Required Resources:
Your main responsibility is the lecture notes. However, you need the textbook to supplement the lecture notes. Furthermore, I will assign online homework through the MyEconLab component of the textbook.


There are a few options to obtain MyEconLab+textbook:
1) (Regular Textbook + Electronic Textbook + MyEconLab)
The 3-hole punched custom textbook bundled with MyEconLab and eText available at the campus bookstore.
2) (Electronic Textbook + MyEconLab)
3) (MyEconLab only)

Note: A textbook is not a substitute for the lectures and our coverage in class goes beyond the text!
Online Problem Sets (MyEconLab): 
You will be assigned several problem sets (through MyEconLab) directly related to the topics covered in the lectures. Attacking these problems is a vital part of the learning and preparation process so to encourage your effort, 50% of each problem set grade will be based on completeness (not accuracy). Bottom line: You should never leave the answer to a question blank even though you may not be sure about the answer.

It is imperative to complete your problem sets on MyEconLab by the announced deadlines. Late problem sets will not be accepted under any circumstances. Yet, two problem sets with the lowest grades will be dropped. The weight of the problem sets is 30% of the final grade.

You are required to enroll in ECON 460 on MyEconLab. Simply go to www.myeconlab.com and sign in with your already existing Pearson account or click Register > Student to set up a new account. You will need the Course ID (karacaovali73542) and your unique access code. Note that, access code comes packaged with your textbook or you may buy a standalone access code kit through the bookstore. Or you can buy instant access with a credit card directly from www.myeconlab.com. You are required to enroll by the end of the second week of classes. (Note: If you are waiting for financial aid, you can gain temporary access to MyEconLab for 14 days without payment.)

Practice Problems and Attendance:
I will provide practice problems for each topic and we will go over some of them in class while detailed solutions will be posted on Laulima.

Although there is no direct credit for participation and attendance, I may take them into account in determining grades and especially the grades in the borderline.

Course Materials Online: Laulima
Here is a list of the things that you can find on https://laulima.hawaii.edu/portal:

- A copy of the most up-to-date syllabus
- Important announcements
- Problem set due dates
- Practice problems and solutions
- Handouts on the material covered or to be covered in class
- Sample exam questions and answers
- Midterm and Final Exam Raw Scores

Exams and Grading:
There will be one midterm and one final exam for our class. The weight of the midterm exam is 30%, while the weight of the final exam is 40% of the final grade. If you perform better in the final exam as compared to the midterm, the weight of the exams will be readjusted as 20% midterm and 50% final (Unexcused absences on midterms receive a zero and do not qualify for this convenience). The final exam is not cumulative. I will provide some sample questions prior to the exams.

Only basic/simple calculators will be allowed on the exams. Programmable or scientific calculators, cell phones, PDAs, MP3 players, etc. are not permitted.
**Make-up Policy:**

Make-up exams for the midterm and final examinations may be provided only for the following legal excuses as authorized by the university: illness supported by an official note from your physician, religious holidays, and participation in university activities at the request of the university authorities. However, it is still to my discretion to administer a make-up exam or not. You are obliged to inform me immediately after an exam should you miss it (even if you may not have the documentation yet).

**Grading Summary:**

1. Problem Sets  30%
2. Midterm  30%
3. Final  40%
Total  100%

**Office Hours:**

You are encouraged to utilize my office time. Please do not hesitate to see me for any questions you have in the posted hours or by arranging an appointment with me if these hours do not work for you. I am here to help, not judge you so do not be afraid to ask questions.

**Academic Dishonesty:**

I have absolutely zero tolerance against any sort of cheating, plagiarism, and academic dishonesty. I value fairness to all students and will seek the harshest disciplinary action in case the trust is broken.

**Disability Services:**

Any student who feels s/he may need an accommodation based on the impact of a disability is invited to contact me privately. I would be happy to work with you, and the KOKUA Program (Office for Students with Disabilities) to ensure reasonable accommodations in my course. KOKUA can be reached at (808) 956-7511 or (808) 956-7612 (voice/text) in room 013 of the Queen Lili'uokalani Center for Student Services.
OUTLINE OF TOPICS*

Note that the chapter numbers below refer to the related material in Krugman-Obstfeld-Melitz’s “International Trade: Theory and Policy” (10th edition) textbook. The lectures go beyond the textbook and also we do not cover everything in the text.

There might be changes to the schedule as we advance through the course.

0. INTRODUCTION
   1. Introduction and Gravity Model (Chapters 1 and 2)

I. INTERNATIONAL TRADE THEORY
   2. Ricardian Model (Chapter 3)
   3. Specific Factors Model (Chapter 4)
   4. Heckscher-Ohlin Model (Chapter 5)

MIDTERM EXAM: (Date TBA) Topics 1 through 4

   5. Increasing Returns to Scale and Monopolistic Competition Model (Chapter 8)

II. INTERNATIONAL TRADE POLICY
   6. Trade Restrictions: Tariffs (Chapter 9)
   7. Nontariff Trade Barriers (Chapter 9)
   8. Political Economy of Trade Policy (Chapter 10)
   9. Multilateral and Preferential Trade Agreements (Chapter 10)

III. INTERNATIONAL RESOURCE MOVEMENTS
   10. International Labor Mobility (Chapter 4)
   11. Multinational Corporations (Chapter 8)

FINAL EXAM: (December 18, Thursday 2:15-4:15pm) Topic 5 and onward (i.e. not cumulative)

Location for exams: Our own classroom (i.e. BUSAD A102)

*Note: Each student has a different taste for the pace of lectures. What is slow for you might be too fast for others or vice versa. However, do not hesitate to let me know how you feel. And finally please be good sport and attend all lectures.