

**UNIVERSITY OF HAWAII**  
**DEPARTMENT OF ECONOMICS**

Economics 460  
**International Trade and Welfare**  
Spring 2007  
TTh 3-4:15pm

Professor Theresa Greaney  
Saunders Hall 529  
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**Course Description:** Economics 460 introduces students to various aspects of international economic exchange and to the policies and debate involved in such exchange. We will discuss the causes and consequences of international trade by examining various theories of international trade and evaluating their applications to real world events. We will examine why nations trade with each other, what they trade and why they use various forms of trade restrictions. The objective of this course is to provide students with the tools needed to think critically about international trade issues and policies. With increasing public interest in international economic events and foreign competition, it is vital that students gain an understanding of international trade theory so that they can apply this knowledge to discern fact from fiction in coverage of international trade issues in the popular press and political arenas.

**Prerequisites:** Students should have completed Econ. 301.

**Course Materials:** The World Economy: International Trade, 7<sup>th</sup> Edition, Yarbrough and Yarbrough, Thomson South-Western, 2006. I will put one copy on reserve at Sinclair Library as soon as I receive it from the publisher. Handouts will be provided in class as supplements to the text.

**Course Requirements and Evaluation Procedures:** Learning is not a passive process so you are expected to take an active approach to class lectures by arriving prepared to ask and answer questions, having read the assigned textbook chapter(s) prior to class. You should also read (or at least skim) a national newspaper, such as the New York Times or Wall Street Journal, every day, paying particular attention to trade-related articles. This is particularly easy to do on the Internet; get into the habit of checking the headlines when you check your email accounts. We will be discussing current trade issues as means of applying the trade theories covered in class.

Grades will be determined by your performance on two exams, several problem sets and class participation. Final grades for the course will use the +/- grading option.

### **Exams 1 and 2: each worth 30% of your grade**

The exam dates are shown in the attached class schedule. Please arrange your schedules NOW so that you can attend all exam times as no alternative times will be offered except in extraordinary cases. Excuses for pre-arranged absences from exams will be accepted only in real cases of illness or non-health emergency with appropriate verification. Practice questions for the first exam and details on the format of each exam will be provided in class prior to the exam date.

### **Problem Sets: 30% of your grade**

Problem sets based on the lectures and readings will be assigned in class **6** times during the term. Of these 6 problem sets, your lowest grade will be dropped when evaluating final grades. Problem sets are due by the end of class on the date stated on the problem set. Late problem sets will be penalized as follows: 1/3 off for a problem set received within 24 hours of the due time; 2/3 off for a problem set received within 48 hours of the due time; not accepted after 48 hours. The late penalties are designed to strongly encourage you to turn your problem sets in on time.

Students are encouraged to work with a study group on these problems, but each student must write up his or her answers independently. Word-for-word duplicate assignments from 2 different students are not acceptable. By working with others on the problems, you can practice explaining and applying the theories we cover in class. By writing answers in your own words, you will be getting practice for the exams by completing the problem sets. Please get an early start on your problem sets so that you can take advantage of office hours to seek assistance if needed.

### **Class Participation: 10% of your grade**

Class participation will be evaluated based on each student's class attendance, preparation for class and participation in class. As mentioned above, students are expected to come to class having actively read the assigned material and newspapers. By "active reading" I mean taking notes on important points or confusing points while reading. These notes will enable you to review your own notes on chapter highlights for the exams rather than trying to "cram" by rereading everything just prior to the exam. Active reading also will prepare you to ask and answer questions in class, and to benefit from others' questions. I hope that practice in discussing international economic events will prove beneficial for many of you in the near future as you enter the job market or graduate studies.

Students who may need special consideration because of any sort of disability should make an appointment with me immediately.

Be advised that all UH policies and procedures concerning academic honesty apply to this course. I will ask for the maximum penalty for any student caught cheating or engaging in other unethical behavior.

<u>Week (Tues. date)</u>	<u>Topic</u>	<u>Textbook</u>
Jan. 9	Introduction, Ricardian Model	Ch. 1, 2
Jan. 16	Ricardian Model (cont.)	Ch. 2
Jan. 23	Neoclassical Model	Ch. 3
Jan. 30	Neoclassical Model (cont.)	
Feb. 6	Trade, Distribution & Welfare	Ch. 4
Feb. 13	Beyond Comparative Advantage: Empirical Evidence and New Trade Theories	Ch. 5
Feb. 20	Tariffs	Ch. 6
	<b>Exam 1: Thurs., Mar. 1</b>	
Feb. 27	Tariffs	
Mar. 6	Nontariff Trade Barriers	Ch. 7
Mar. 13	Arguments for Restricting Trade	Ch. 8
Mar. 20	Political Economy of Trade Policy	Ch. 9
Apr. 3	Economic Growth, Immigration and Multinationals	Ch. 10
Apr. 10	Econ. Growth, etc. (cont.);	Ch. 10
Apr. 17	Development, Transition and Trade	Ch. 11
Apr. 24	Development, Transition and Trade (cont.); Review	Ch. 11
May 1 (Tues. only)	Review	

**Exam 2: Tues., May 8  
2:15-4:15pm**