

Economics 460
International Trade and Welfare
 Summer 2004
 M-F 10:30 - 11:45 a.m.
 BUSAD D104

Instructor: Debbie Gundaya
 Office hours: M-F 9:30-10:30 a.m.
 email: gundaya@hawaii.edu

Course Description:

Economics 460 introduces students to various aspects of international economic exchange and to the policies and debate involved in such exchange. It aims to teach students how to think critically about issues and debates relating to international economics. The course covers the main concepts of international trade and illustrates them with applications drawn from the real world. We will discuss such issues as why countries trade, how gains from trade are distributed, and why countries use various forms of trade restrictions.

Prerequisites: Economics 301

Required Text: The World Economy: Trade and Finance, Sixth Edition, Yarbrough and Yarbrough, Thomson South-Western, 2003.

Course Requirements and Grades:

Grades are based on two exams, four problem sets, and class participation. The table below shows how grades will be distributed:

| Requirement | Date distributed | Date due/ Exam date | Percent of final grade |
|---------------------|------------------|------------------------|------------------------|
| Midterm Exam | - | June 14 | 30% |
| Final Exam | - | July 2 | 30% |
| Problem Set 1 | May 26 | June 2 | 7.5% |
| Problem Set 2 | June 2 | June 9 | 7.5% |
| Problem Set 3 | June 9 | June 16 | 7.5% |
| Problem Set 4 | June 16 | June 23 | 7.5% |
| Class Participation | - | - | 10% |

Exams: The exams will be in-class and closed-book. The final exam will cover the entire course but will put more emphasis on the material covered after the midterm. No make up exams will be given except in cases of verifiable medical emergency.

Problem Sets: Problem sets are designed to help you review what you have learned in class and to prepare you for the exams. They are due at the end of the class period on the dates indicated above. No late problem sets will be accepted. You may form study groups to work on these problems but each student must write up his or her own answers. Duplicate submissions from different students will not get credit. I suggest that you start early so you can seek help during my office hours if needed.

Class Participation: Class participation will be graded based on attendance, preparation for class, and participation in class. Students are expected to read over the assigned material before each session. You do not need to master the material right away, but you should be familiar with the concepts to be covered in class. This will prepare you to participate in the class discussion and help you understand the lecture better. We have a lot of topics to cover so make sure you keep up with the assigned readings rather than “cram” just before the exams. You are also encouraged to read national newspapers such as the New York Times or Wall Street Journal, and/or weekly publications, such as The Economist. Pay close attention to trade-related articles. We will talk about current trade-related issues and news to apply theories learned in class.

Help:

If you are having problems with the course, please seek out help early. My office hours are indicated above and you are encouraged to make use of them.

Courtesy:

Please turn off cellular phones and other electronic devices before entering the classroom.

TOPICS AND SCHEDULE

Week 1: May 24-28

- Course Introduction
- Why do countries trade? -Ricardian Model and Neoclassical Model
 - Y&Y Ch. 1, 2, 3

Week 2: May 31-June 4

- Why do countries trade?-Neoclassical Model (continued)
- Trade Distribution and Welfare
 - Y&Y Ch. 3-4

Week 3: June 7-11

- Beyond Comparative Advantage: Empirical Evidence and New Trade Theories
- Tariffs
 - Y&Y Ch. 5-6

June 14, Monday: Midterm Exam

Week 4: June 15-18

- Nontariff Trade Barriers
- Arguments for Restricting Trade
 - Y&Y Ch. 7-8

Week 5: June 21-25

- Political Economy of Trade Policy
- Economic Growth, Immigration and Multinationals
 - Y&Y Ch. 9-10

Week 6: June 28-July 1

- Development, Transition and Trade
- Review
 - Y&Y Ch. 11

July 2, Friday: Final Exam