

**Economics 460**  
**International Trade and Welfare**  
 Summer 2007  
 May 21-June 29, 2006  
 M-F 10:30 - 11:45 a.m.

Instructor: Debbie Gundaya  
 Office hours: MWF 9:00-10:30 a.m. and  
 by appointment  
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KUY 301

### **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: International Trade, Seventh Edition, Yarbrough and Yarbrough, Thomson South-Western, 2005. ISBN 0324-32151-1.

### **Course Requirements and Grades:**

Course grades will be given using the +/- system. 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 8	25%
Final Exam	-	June 29	30%
Problem Set 1	May 23	May 30	5%
Problem Set 2	May 30	June 6	5%
Problem Set 3	June 6	June 13	5%
Problem Set 4	June 13	June 20	5%
Presentation/Debate	-	June 25-27	15%
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. Please check your schedule now to make sure that you can attend both exams. I will not give make-up exams except in cases of 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.

*Presentation/Debate:* The last week of class will be devoted to class debates about important international trade issues. The debate format is as follows: Two to three students will be assigned to each side of the issue. Each panelist will have five minutes to present his or her arguments, with panelist alternating from both sides. This will be followed by a 10-minute open debate by both sides. Finally, there will be a 10-minute open discussion so that the rest of the class can ask questions or raise other issues. There will be two debates for each class meeting. The students are expected to research their topics thoroughly. The objective of the debate is to convince the class of your side's arguments and your grade will depend on how well you present your arguments. Potential topics are: foreign direct investments in developing countries, anti-sweatshop and anti-child labor movements, environmental regulations and intellectual property rights in developing countries, agricultural subsidies in developed countries. Other topics suggested by the class will also be considered and the final topics will be selected with the class' input.

*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.

**Disability Accommodation:**

Please make an appointment with me immediately if you need special consideration due to any form of disability.

**Courtesy:**

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

**TENTATIVE TOPICS AND SCHEDULE:**

Subject to Change

Week 1: May 21-25

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

Week 2: May 29-June 1 (May 28- Memorial Day)

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

Week 3: June 4-8

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

**June 8, Friday: Midterm Exam**

Week 4: June 12-15 (June 11- Kamehameha Day)

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

Week 5: June 18-22

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

Week 6: June 25-June 28

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

**June 29, Friday: Final Exam**