

International Economics: Take-home Midterm レポート

*Instructions: Answer ALL questions below to the best of your ability. Do NOT simply copy my notes or sentences from the text. Express the ideas in your OWN words. You must hand in this exam on **Dec 16th, 2025**. If you have any questions, please contact me by phone (X3539) or e-mail (parsons-craig-gj@ynu.ac.jp).*

Please submit your answers in CLASS (not email). Typed or hand-written or some combination is acceptable.

1) Effects of a Tariff (関税の便益と費用)

Draw an Import Tariff Graph assuming the world price is lower than the domestic price. Also assume the country is **SMALL**.)

グラフを描きなさい。世界価格は国内価格より低いと仮定せよ。また、**小国である**と仮定せよ。)

In your graph, describe the amount of imports before and after the tariff.

関税をかける前とかけた後の輸入量を説明せよ。

Describe in detail the gains and/or losses to **producers**, **consumers**, and **government revenue** and **deadweight loss** by using the appropriate polygonal areas in your graph.

下のグラフの適切な多角形のエリアを用いて、生産者、消費者に対するゲインないしはロスと、政府収入、死荷重(deadweight loss)を詳細に示せ。

- 2) If the gains from free trade outweigh the losses, why does protectionism still exist all around the world? Use the logic found in the ‘butter’ tariff in IMK (Unit 13) to support your answer. (Hint: per capita costs and benefits to consumers and producers.)
- 3) Give a brief history of the origins of GATT. When was it formed? What was its purpose(s)? When did GATT become WTO? Explain how WTO is similar, but also different, than GATT. **Do not simply copy my notes or the book. Put it in your OWN words.** (Length: about a half a page.)
- 4) Write a **well-formed essay** (intro, main body, conclusion/summary) summarizing the **three greatest trade collapses** of the modern era, namely, the Trade War of the 1930s, the Great Trade Collapse of 2008-9 and the US-China trade war. Include a very brief history and include some comparative data for each.
- 5) Using the US-Japan example of Krugman Obstfeld’s text as your model, make your OWN numerical example (and payoff matrix) of a Prisoners’ Dilemma.

- Choose your own countries and put in your own numbers. Make sure your example fits all the characteristics of a P.D. (i.e. Both countries have the same dominant strategy; the Nash equilibrium is the worst outcome and NOT the Social optimum.). *Explain why it is a P.D.*
- 6) Explain the TWO ways in which the US and other industrial nations tried to avoid a repeat of the disastrous trade wars started by the US Smoot-Hawley tariffs. (Hint: see my PPT.)
 - 7) Make your own example (see my Wakkanai/Sado example) of **log-rolling** with **two** issues or projects. But instead of 3 “voters”, make it **5 voters**. (You can make it Japan, or any country you want.)
 - 8) Briefly explain the challenge of Odysseus and the Sirens. (For this question only, reading and using Wikipedia is okay. オデュッセイア.) Next, explain why this fable is an example of how a leader gave up (sacrificed) something or some freedom to make oneself stronger. Lastly, explain how signing an international trade (or environmental agreement) or the US Reciprocal trade Act of 1934 is also a case in which giving away a power can make the nation stronger in some sense. About a half a page.
 - 9) Costs of Protection. Using the (old) data in my notes, which of these three countries (US, Japan, China) has the highest, middle and lowest costs of protection? Use the data from my notes to support your answer. Your answer can be short, but it must be a **proper paragraph**, not simply a bunch of words and numbers.
 - 10) Urata article question (see and read his Sept/Oct 2025 article on my website: Prof. Urata writes, “*However, the Trump tariffs run counter to the basic WTO principles that call for most-favored-nation (MFN) treatment, meaning equal treatment for all WTO members, and preventing tariff rates above bound levels.*” Using the knowledge from my notes, PPT and texts (K&O, Oda, etc.) explain in more detail and in your own words, **in a well-formed paragraph** (of about 5 or 6 sentences), what he means by this.

Note: For all of these problems (except part of 8) you **MUST** use my notes and references (Oda, Salvatore, Ishikawa et al) **ONLY**. Do not base your answers on something found on the internet and do not base your answers on ChatGPT or some other AI. Read all of my notes and materials and base your answers on that. If there is any fact or claim that does NOT originate from my notes or the reference materials, you will lose points or not receive credit for that answer.

Remember: all my notes, PPT and materials can be found here:

<http://www.parsons.ynu.ac.jp/undergradtrade2015.html>