

INTERNATIONAL TRADE POLICY

Course #: 11:373:431
Credits: 3
Prerequisites: 11:373:121 or 01:220:102
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Agricultural Food and Resource Economics
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Area of Emphasis

This course focuses on the political economy of trade in agricultural products, trade policies and practices of import and export nations, agricultural policies of common market areas and other major trading blocks, market instability and other primary commodity problems, trade negotiations and current developments in agricultural trade and trade policy from a multidisciplinary perspective.

Learning Goals (Satisfies 21st C Core learning goal)

The course aims to achieve the attainment of learning goals through these specific objectives.

By the end of the course students will be able to:

1. analyze and solve problems using concepts such as
 - Comparative advantage
 - Partial equilibrium models
 - Producer and consumer surplus in welfare analysis
2. develop an understanding of, and analyze the economic consequences of tariffs and subsidies on domestic and foreign markets from a multidisciplinary perspective
3. evaluate the impact of exchange rates on agricultural trade
4. examine regional trade agreements analytically and evaluate their potential impacts on member and non-member states from a multidisciplinary perspective
5. analyze a contemporary global issue from a multidisciplinary perspective
6. integrate and effectively communicate the concepts learned in the course

Assessment of Goals

Goals 1 – 4 will be assessed via exams and in-class activity. Students will also be given graphical models and other in-class exercises that require mathematical calculations to evaluate their understanding of the various theoretical concepts taught in class.

Goals 5 - 6 will be assessed via the development and presentation of a research paper. Students will be assessed based on the degree to which they:

- understand and apply appropriate concepts and theories
- identify the problem and posit a rationale for its successful resolution
- cite and utilize models that are appropriate for the issue being investigated
- cite appropriate data sources, present and engage the information
- communicate the findings clearly both orally and in writing and the degree to which they stimulate audience participation

Assignment of Grades

Grades will be assigned as follows: Research paper - 50%; exams – 30%; and class participation/discussion – 20%

Text

James P. Houck, Elements of Agricultural Trade Policies, Waveland Press, INC 1992.

Other readings may be assigned from various journals, books, and research bulletins.

Brief Topical Outline:

<u>Subject</u>	<u>Approx. Class Hours</u>
I. Introduction and Scope	2
II. The Analytical Setting	8
III. The Impact of National and Regional Policies on Trade	23
IV. Current Issues	4
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Course Outline

I. Introduction and scope

II. The analytical and empirical setting

- A. The nation as an economic unit
- B. Comparative advantage, factor endowments, and the theoretical basis for trade
- C. A partial equilibrium framework for trade policy analysis
- D. The major trade flows in agricultural and **other** primary products

III. The political economy of trade and impacts of national and regional agricultural policies

- A. The political economy of agricultural trade policy
 - 1. Some ad hoc hypotheses
 - 2. Import penetration
- B. Agricultural policy, international politics, and commercial policy
- C. Protectionist policies by importers
 - 1. Tariffs
 - 2. Quotas
 - 3. Guaranteed prices and variable levies and "target prices"
 - 4. Guaranteed prices and deficiency payments
 - 5. Guaranteed prices and various regulations
- D. Protectionist policies by exporters
 - 1. Export controls and embargoes
 - 2. Export taxes
 - 3. Price guarantees and export subsidy
 - 4. Multiple price plans
- E. Retaliation and optimal tariffs
- F. Exchange rate manipulations and effects
 - 1. Devaluation and revaluation
 - 2. Multiple exchange rates
 - 3. Exchange rates and inflation
- G. Regional economic groupings (EU, NÄFTA, MECOSUR, CARICOM)
 - 1. Reasons for association
 - 2. Trade creation and trade diversion

IV. International Institutions in trade and development: WTO/GATT, UNCTAD, FAO

V. Current Issues in agricultural trade policy

Course Ethics Policy

Students will be held to the highest standards of academic integrity, as described in the University code of academic conduct (<http://academicintegrity.rutgers.edu/academic-integrity-at-rutgers>).