

INTERNATIONAL AGRICULTURAL TRADE AND POLICY

Special Course: December 10-12, 2007, University of Guadalajara, Mexico

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1. Course Objectives:

- (a) Understand the gains from and causes of trade in agricultural commodities;
- (b) Analyze the linkages between agricultural commodity programs and trade policies;
- (c) Examine the welfare implications of agricultural and trade policies.

2. Text:

The basic text for the course is: J.R. Markusen, J.R. Melvin, W.H. Kaempfer, and K.E. Maskus (1995). International Trade: Theory and Evidence, McGraw-Hill. This can be accessed at:

<http://spot.colorado.edu/~markusen/textbook.html>

3. Course Outline:

(i) Basic Background:

- (a) General Equilibrium in Open and Closed Economies
- (b) The Gains from Trade

Reading:

Markusen, J.R., Melvin, J.R., Kaempfer, W.H. and Maskus, K.E. (1995). International Trade: Theory and Evidence, Chapters 2-5.

(ii) The Causes of Trade:

Heckscher-Ohlin-Samuelson Model

Reading

Markusen, J.R., Melvin, J.R., Kaempfer, W.H. and Maskus, K.E. (1995). International Trade: Theory and Evidence, Chapters 8.

(iii) Agricultural and Food Trade:

(a) Patterns of Food and Agricultural Trade

(b) Nature of Distortionary Policies in Agricultural Trade

Reading:

Anderson, K. and Martin, W. (2005). “Agricultural Trade Reform and the Doha Development Agenda”, World Economy, 28, 1301-1327.

FAO. (2006). The State of Agricultural Commodity Markets”. This can be accessed at:

<http://www.fao.org/docrep/007/y5419e/y5419e00.htm>

(iv) Analysis of Agricultural Trade Policy:

(a) Tariffs

(b) Quotas and Non-Tariff Barriers

(c) Partial Equilibrium Analysis

Reading:

Markusen, J.R., Melvin, J.R., Kaempfer, W.H. and Maskus, K.E. (1995). International Trade: Theory and Evidence, Chapters 15 and 16.

(v) The GATT/WTO and Agriculture:

(a) The Uruguay Round of GATT and Agriculture

(c) Tariffication and Tariff-Rate Quotas

Reading:

Abbott, P.C. and Paarlberg, P.L. (1998). "Tariff Rate Quotas: Structural and Stability Impacts in Growing Markets", Agricultural Economics, 19, 257-267.

Boughner, D.S., de Gorter, H., and Sheldon, I.M. (2000). "The Economics of Two-Tier Tariff-Rate Import Quotas", Agricultural and Resource Economics Review, 29, 58-69.

Moschini, G. (1991). "Economic Issues in Tariffication: An Overview", Agricultural Economics, 5, 101-120.

Watkins, K. (2003). "Northern Agricultural Policies and World Poverty: Will the Doha 'Development Round' Make a Difference?" Oxfam.

World Bank (2003). "Global Economic Prospects: Realizing the Development Promise of the Doha Agenda."

(vi) Regionalism vs. Multilateralism:

(a) Preferential Trading Arrangements

(b) Spaghetti Bowls and Trade

Reading:

Markusen, J.R., Melvin, J.R., Kaempfer, W.H. and Maskus, K.E. (1995). International Trade: Theory and Evidence, Chapter 18.

Baldwin, R.E. (2006). "Multilateralising Regionalism: Spaghetti Bowls as Building Blocs on the Path to Global Free Trade", World Economy, 29, 287-331.

Bhagwati, J. Free Trade Today. Lecture 3.

Panagariya, A. (2000). "Preferential Trade Liberalization: The Traditional Theory and New Developments", Journal of Economic Literature, 38, 287-331.

(vii) Increasing Returns and Trade:

(a) Free Trade Areas and Increasing Returns

(b) Increasing Returns and Gains from Trade

Reading:

Markusen, J.R., Melvin, J.R., Kaempfer, W.H. and Maskus, K.E. (1995). International Trade: Theory and Evidence, Chapters 12.

Panagariya, A. (2000). “Preferential Trade Liberalization: The Traditional Theory and New Developments”, Journal of Economic Literature, 38, 287-331