Agricultural Policy, Trade and Development
Spring 2014

Instructors: Jean-Baptiste Jault, AUCA (75%)
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Department of Economics: 204/1
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Schedule: Monday, 9.25; Wednesday, 9.25

Course Description:
   The growing global trade volumes and economic integration problems challenge the status-quo and governments observe new limitations for agricultural policies. While trade presents development opportunities it also creates certain threats for national economies specifically for agricultural sector. The course is devoted to the study of development theories and the general problems of trade and agricultural policy.
   During the course students will be introduced to the main trade models, policy analysis tools and concepts affecting agriculture and development.

Number of Credits: 3 credits

Course Objective:
The purpose of this course is to provide students with understanding of the interconnections between development, trade and agricultural policy. Special emphasis is placed on the role of agricultural policy in development and the study of influence of the various trade agreements.

Prerequisites: Introduction to Macroeconomics

Number of Credits: 3

Course Requirements and grade components:

Grade components	Percentage
Final exam	35
Midterm	35
2 Quizzes	20
Participation	10
TOTAL	**100**

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Required (primary) Text:
International Economics, 9th Edition, Husted and Melvin (available through e-course)
International Economics. Theory and Policy, 6th Edition, P. Krugman (available at library and e-course)
Some documents such as articles will also be uploaded in the e-course.

Grading scale:

A	A-	B+	B	B-	C+	C	C-	D+	D	D-	F
100-90	89-86	85-82	81-78	77-74	73-70	69-66	65-62	61-58	57-54	53-50	49 –b/w

In Class and Exam Requirements:
- Cell phones must be turned off.
- Adhere to the AUCA Honor Code and other general rules of the university.

Session #	LECTURE PLAN AND COURSE OUTLINE	Reading material
	INTRODUCTION TO TRADE POLICY ANALYSIS AND WELFARE	

1	Course introduction
	1. Introduction to trade
	  1.1 Why nations trade
	  1.2 Review of trade theory
		International Economics, 9th Edition, Husted and Melvin Chapter 1

2	2. **Tools of Analysis for International Trade Models**
	  2.1. Some Methodological Preliminaries
	  2.2. The Basic Model: Assumptions
		International Economics, 9th Edition, Husted and Melvin Chapter 2

3	2.3. The Basic Model: Solutions 2.4. Measuring National Welfare 2.5. National Supply and Demand	International Economics, 9th Edition, Husted and Melvin Chapter 2

4	3. Classical Model of International Trade
	  3.1. Absolute Advantage as a Basis for Trade: Adam Smith's Model
	  3.2. Comparative Advantage as a Basis for Trade: David Ricardo's Model.
		International Economics, 9th Edition, Husted and Melvin Chapter 2
		
		International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 2-3, Part I

5	3.3. The General Equilibrium Solution of the Classical Model 3.4. The Gains from International Trade 3.5. The Relationship Between Trade and Wages 3.6. An Evaluation of the Classical Model	International Economics, 9th Edition, Husted and Melvin Chapter 2 International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 2-3, Part I
6	1. The Heckscher-Ohlin Model 4.1 The HO Model: Basic Assumption 4.2 The HO Theorem	International Economics, 9th Edition, Husted and Melvin Chapter 5
7	4.3 Equilibrium in the HO Model 4.4 Some New HO Theorems	International Economics, 9th Edition, Husted and Melvin Chapter 5
8	5. Instruments of Trade Policy: Tariffs 5.1 Definition and types 5.2 Gains from free trade 5.3 Objectives	International Economics, 9th Edition, Husted and Melvin Chapter 6 International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 8-9, Part II
9	5.4 Practical experiences of the instruments	International Economics, 9th

		5.5 Tariffs and welfare costs	Edition, Husted and Melvin Chapter 6 International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 8-9, Part II

10		6. Nontariff Barriers and Arguments for Protection
		    6.1. Quotas
		    6.2. The Welfare Effects of Quotas
		    6.3. The Equivalence of Nonequivalence of Tariffs and Quotas
			International Economics, 9th Edition, Husted and Melvin Chapter 6
			
			International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 8-9, Part II

11		6.4. Other Nontariff Barriers
		        6.4.1. Customs Valuation Practices
		        6.4.2. Government Procurement Policies
		        6.4.3. Technical Barriers to Trade
		        6.4.4. Health and Safety Standards
		6.5. Failure to Protect Intellectual Property Rights
		    6.5.1. Export Subsidies
			International Economics, 9th Edition, Husted and Melvin Chapter 6
			
			International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 8-9, Part II

12		6.6. Arguments for Protection
		    6.6.1. Invalid Arguments
		        Patriotism
		        Employment
		        Fallacy of Composition
		        Fair Play for Domestic Industry
		        Preservation of the Home Market
			International Economics, 9th Edition, Husted and Melvin Chapter 6
			
			International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 8-9, Part II

13		6.6.2. Valid Arguments
		        Government Revenue
		        Income Redistribution
		        Noneconomic Goals
		        Infant Industry Protection
		        Domestic Distortions
		        Protecting the Environment
		        Strategic Trade Policies
			International Economics, 9th Edition, Husted and Melvin Chapter 6
			
			International Economics. Theory and Policy, 6th Edition, P. Krugman, Ch 8-9, Part II

		Midterm Exam	
		ECONOMIC INTEGRATION AND TRADE AGREEMENTS	

14		5. Trade liberalization versus economic integration
		    5.1 Expected convergence from greater integration
		        5.1.1 Economic convergence
		        5.1.2 Political convergence
		        5.1.3 Legal convergence
		    5.2 Degree of convergence from "globalization"
		        5.2.1 Historical trends: trade in goods and services
		        5.2.2 Historical trends: international capital and labor
			Std text book; Supplementary material; www.wto.org;

15		5.3 Uni-, bilateral/regional, and multilateral trade liberalization
		    5.4 Stages in integration
		        5.4.1 Free trade area	

16	5.4.2 Customs union
	5.4.3 Common market
	5.4.4 Economic union
	5.5 Case studies of economic integration
	    5.51 CIS Zone free trade agreement
	    5.5.2 ASEAN free trade area
	    5.5.3 NAFTA
	    5.5.4 Common Market for Eastern and
	           Southern Africa (COMESA)
	    5.5.5 EU	

RG
begins
25/04/14
	6. Multilateral trade liberalization under the World
	   Trade Organization
	   6.1. From GATT to WTO
	       6.1.1 Trade negotiation rounds under the
	GATT
	       6.1.2 Uruguay Round of GATT
	       6.1.3 World Trade Organization: structure,
	           trade disciplines and principles
	   6.2 Agreements and rules on imports and exports on
	goods
	       6.2.1 Economics behind the legal text
	       6.2.2 Country-specific commitments
	   6.3 Agreement on Trade-related Investment
	Measures
	   6.4 General Agreement on Trade in Services	

RG
ends
01/05/14
	7. Agreement on Agriculture
	   7.1 Rules and commitments on market access
	       7.1.1 Economics behind the rules
	       7.1.2 Market access and compliancy issues
	       7.1.3 Country-specific commitments
	   7.2 Rules and commitments on domestic support
	       7.2.1 Economics behind the rules
	       7.2.2 Support programs and compliancy
	issues
	       7.2.2 Country-specific commitments
	   7.3 Rules and commitments on export subsidies
	       7.3.1 Economics behind the rules
	       7.3.2 Export subsidies and compliancy issues
	       7.3.3 Country-specific commitments
	Lab exercise	

	8. Conclusions	
	Final exam	

General remarks:
Attendance is included in Participation and also counts toward your total grade. You have the right to two non-excused absences; from third absence the student will be withdrawn from this academic course under W-grade at discretion of instructor. Only medical evidence by Medical Service at the AUCA is valid for consideration by instructor.
About participation in funeral procedure, the law of the Kyrgyz Republic allows students to take only 3 days officially.
Cheating and plagiarism will be sanctioned.
The instructor leaves the right to change the content or the type of assignments within the semester.

Students should pay attention to their final grade all along the semester. If you feel that you might be close to the grade F, come to see the instructor maximum 2 weeks before the end of the semester (no request will be accepted during the last 2 weeks of the semester; "2 weeks" does not include the week for final exam), some additional work could be given under certain conditions.

Communication between students and instructor will be mainly made through emails. Make sure the instructor has the correct email address. If you do not receive emails, please inform the instructor as soon as possible. It is not the responsibility of the instructor if you do not receive emails.

Examinations:

Quizzes will consist of multiple-choice questions and open questions

Midterm and final exams will consist of multiple-choice questions, open questions and exercises