University of Florida  
Food and Resource Economics Department  

AEB4931 – International Agricultural Trade  

Spring Term 2012  

Section: 7472  
3 Credit Hours  

Tuesdays 8:30am – 10:25am  
Thursdays 9:35am – 10:25am  
Classroom: 2102 McCarty Hall B  

Instructor Information  

Instructor: Dr. Mikael Sandberg  
Office: 1193 McCarty Hall A  
Phone: (352) 392-1826 ext. 408  
Office Hours: Monday, Tuesday, Wednesday, Thursday, and Friday 10:30am – 11:30am.  
E-mail: sandberg@ufl.edu  

Given other professional obligations this term, availability outside of posted office hours will be limited. However, if posted office hours are not convenient, please feel free to e-mail me in advance for an appointment. 11:30am – 12:50pm is reserved for administrative duties, preparing for classes, and lunch. Please do not disturb.  

Many students find that e-mail is an efficient and fast way to ask questions. Students should note that I do not utilize the e-mail tools within E-Learning Sakai. When e-mailing me, please indicate in which class you are enrolled so that I can more effectively address your concerns. Courteous and professional e-mails can expect a prompt reply.  

FRE Program Assistant: Ms. Kathy Green; 1197 McCarty Hall A; (352) 392-1826 ext. 210; E-mail: Kagreen1@ufl.edu.  

Undergraduate Advisor: Ms. Anne Marie Mattison; 1195 McCarty Hall A; (352) 392-1826 ext. 302; E-mail: mattison@ufl.edu.  

General Course Information  


E-Learning: There is an E-Learning Sakai web-page for this course. To access E-Learning Sakai, you will need your Gatorlink username and password. E-Learning Sakai can be accessed via https://lss.at.ufl.edu/. If you are having difficulties accessing E-Learning Sakai, please contact the UF Computing Help Desk directly by calling (352) 392-HELP or via e-mail helpdesk@ufl.edu. You will need your UFID when contacting them.  

Any policies and/or dates stated in this course syllabus are subject to change at the instructor’s discretion. Any changes will be posted on E-Learning Sakai and disseminated using the class e-mail listserv. It is solely the student’s responsibility to remain informed of any changes.
“No nation was ever ruined by trade”

*Benjamin Franklin (date unknown to the instructor)*

**Course Description:** An examination of the economic forces associated with trade in food and agricultural products between the U.S. and other countries. Economics principles and analytical techniques are applied to international trade and multi-national markets. Consideration is also given to international commercial policy as it relates to agriculture and international economic integration.

This course is intended to provide a *senior-year capstone experience* for students pursuing the International Food and Resource Economics specialization within the major.

**Prerequisites:** AEB3103 and AEB3510, or the equivalent. This course is *not* open to students with previous credit in ECO3704, or the equivalent.

**Format:** Since *AEB4931* is an *analytical* course, it will be delivered via traditional lectures. Theories and frameworks will be presented in class and we will discuss their *derivations* as well as their *applicability* to the ‘real world.’ Quantitative reasoning and analytical methods are used extensively. It is assumed that students are comfortable with college algebra and basic calculus. Furthermore, basic knowledge of economic principles and concepts is also necessary. Keeping up with news in general and economic news in particular, is imperative to get the most out of your experience in this course.

**Course Objectives and Topical Course Outline**

**Course Objectives:**
We are living in an increasingly globalized world; international linkages affect virtually all aspects of our everyday lives. Therefore, it is imperative that students have and understanding of, and an appreciation for, the global economy and international economic issues. After the successful completion of this course, students should be able to

1. Access economic news with greater sophistication;
2. Relate international economic events to the operations of a firm;
3. Assess the impact of proposed international economic policies;
4. Appreciate the interrelatedness of national economies;
5. Understand why international economic interactions fluctuate.

These objectives are accomplished by developing an understanding of…

- … the (micro)economic foundations governing the analysis of international trade;
- … the determinants of trade patterns between nations;
- … the determination of prices in international markets;
- … the gains from international trade;
- … the effects of international trade on an economy;
- … the winners and losers from international trade;
- … the interaction and interdependence of national economies;
- … the dynamics of international factor movements;
- … the process and implications of international economic integration;
- … the economic analysis of trade policy;
- … the main arguments for and against protectionism;
- … the role of international trade for economic growth and economic development.
**Tentative Course Outline:**
The instructor reserves the right to change this outline as appropriate (revisions may be substantial!). Any revisions will be clearly communicated in class, via the Gatorlink listserv, and posted on E-Learning Sakai.

I. **Introduction to the Field of International Economics: Preliminaries and Current Trends**
   Chapter 1: The World of International Economics
   - Overview of scope and methods of international economics

   Handout: Current Trade Trends
   - Overview of current trade data
   - Trends in international trade and international economic relations

II. **Classical Trade Theory**
   Chapter 2: Early Trade Theories
   - Mercantilism
   - The challenge to Mercantilism by Classical economics
     - David Hume: Price-Specie-Flow mechanism
     - Adam Smith: Laissez faire and Principle of Absolute advantage

   Chapter 3: The Classical World of David Ricardo and Comparative Advantage
   - Writings of David Ricardo and his contribution to the classical analysis
   - Principle of Comparative advantage
   - Classical trade model
     - Determination of terms of trade and trade patterns
     - Gains from trade

III. **Neoclassical Trade Theory**
    Chapter 5: Introduction to Neoclassical Trade Theory
    - Microeconomic foundations
    - Indifference curve analysis
      - Consumer behavior: utility maximization
    - Production possibilities frontiers
      - Firm behavior: profit maximization

    Chapter 6: Gains from Trade in Neoclassical Theory
    - General equilibrium in a closed economy
    - General equilibrium in an open economy
    - Terms of trade and trade patterns
    - Gains from trade

    Chapter 7: Offer Curves and the Terms of Trade
    - Offer curve analysis
      - Derivations and analytics
    - Terms of trade and trade volume determination

    Chapter 8: The Basis for Trade
    - Factor intensities and abundance
    - Heckscher-Ohlin theorem
    - Factor prices
    - Factor Price Equalization theorem
• Stolper Samuelson theorem
  o Distributional effects of trade

Chapter 9: Empirical Tests of the Factor Endowments Approach
• Leontif’s paradox
• Possible explanations for the paradox
• Other empirical assessments

IV. **International Commercial Policy Analysis**

Chapter 13: Instruments of Trade Policy
• Definition of policy instruments
  o Tariffs, quotas, subsidies, etc.
• Preferential duties
• Generalized system of preferences
• Normal trade relations/most favored nation
• Offshore Assembly Provisions/Production-Sharing arrangements
• Effective rate of protection

Chapter 14: The impact of Trade Policies
• Partial equilibrium analysis of trade restrictions
• Tariffs
  o Welfare implications of tariffs

Chapter 15: Arguments for Interventionist Trade Policies
• Traditional (and non-traditional) arguments for and against protectionism

Handout: The Role of International Organizations and Institutions
• Bretton Woods Conference and the structure of the global economy
• General Agreements of Tariffs and Trade
  o World Trade Organization
• The World Bank
  o Role and controversies
• The International Monetary Fund
  o Role and controversies

V. **Extensions: Economic Integration and Economic Development**

Chapter 17: Economic Integration
• Forms of economic integration
• Experiences of economic integration
• Welfare effects of economic integration
  o Trade creation vs. trade diversion
• Economic integration and trade patterns
• The evolution of the European Union

Chapter 11: Economic Growth and International Trade
• Economic growth
  o Neutral versus biased growth
• Rybczynski theorem
Evaluation of Performance and Grading

**Evaluation of Performance:** Students can earn a total of 440 possible points in this course via the performance on exams, a term paper (and related in-class presentation), and class attendance. Your final course grade will have the following benchmarks out of the 440 possible grade points:

<table>
<thead>
<tr>
<th>Grade</th>
<th>Points</th>
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<tbody>
<tr>
<td>A</td>
<td>(≥ 410)</td>
</tr>
<tr>
<td>A-</td>
<td>(396 - 409)</td>
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<tr>
<td>B+</td>
<td>(383 - 395)</td>
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<tr>
<td>B</td>
<td>(365 - 382)</td>
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<tr>
<td>B-</td>
<td>(352 - 364)</td>
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<td>C+</td>
<td>(339 - 351)</td>
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<tr>
<td>C</td>
<td>(321 - 338)</td>
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<tr>
<td>C-</td>
<td>(308 - 320)</td>
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<tr>
<td>D+</td>
<td>(295 - 307)</td>
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<tr>
<td>D</td>
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<td>D-</td>
<td>(264 - 276)</td>
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<td>E</td>
<td>(≤ 263)</td>
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For general information about grading and grading policy at the University of Florida, please refer to: http://www.registrar.ufl.edu/catalog/policies/regulationgrades.html.

Please note that grades are not ‘rounded’ or ‘adjusted’ at the end of the term. The exception is, of course, if I did a mistake in grading your exam or assignment, in which case I will gladly give you the correct points. If you believe that your exam (or assignment) is incorrectly graded or that your grade is incorrectly posted, please contact me via e-mail (i.e., in writing) as soon as possible. You have 7 days after the grade has been posted to voice your concern. After 7 days have passed, your posted grade will be assumed to be correct and accurate.

**Mid-term (or regular in-class) Exams**

There will be two (2) in-class mid-terms exams; each exam is worth 100 points. The exams will consist of short-answer/essay and analytical problem-solving questions. The exams are intended to capture how well students understand the material of the class, either as discussed in class or as presented in assigned readings and/or the textbook. Questions will be formulated to assess whether students can critically and independently analyze issues in a sophisticated manner appropriate for a course at this level. Each exam will last for one full hour (60 minutes).

**Exam 1:** Tuesday February 21 at 8:30am  
**Exam 2:** Tuesday April 10 at 8:30am

*Exam dates are subject to change at the instructor’s discretion. Any changes will be posted on E-Learning Sakai and disseminated using the Gatolink e-mail listserv.*
Final Exam 100 points

The Final Exam is cumulative and is worth 100 points. The exam will consist of short-answer/essay and analytical problem-solving questions. The Final Exam is mandatory. The Final Exam is scheduled during the Final Exam week. The final exam is of the same format as the mid-term examinations; however, you will have a full two-hour block to complete the exam. Early or late exams are not given.

Final Exam: Thursday May 3 at 10:00am – 12:00pm.

If it is to the student’s advantage, at the end of the term, the Final Exam may replace your lowest test score on the two mid-term exams. As such, the Final Exam would thus count twice (or double).

All exams are closed book and closed notes. No formula sheets or any other aids are allowed. A simple calculator may be used. However, graphing calculators, cell phones, touch screen devices, or other devices with the capability to store formulae are not allowed. Sharing calculators during an exam is not allowed.

Exam day policy: It is expected that all students are on-time to exams. Please arrive early, if possible, to get seated and get your books/bags stowed away so that the exam can be started on the stated time. Leaving the classroom during the exam is not allowed, so please make sure you use the restroom, if needed, before the exam begins. NO ONE WILL BE ALLOWED TO ENTER THE CLASSROOM TO BEGIN THE EXAM AFTER THE FIRST STUDENT HAS TURNED IN THEIR FINISHED EXAM.

Make-up Exams: This is a senior-level capstone course. As such, it is fully expected that all students take this class and its obligations seriously. Make-up exams are therefore not given. If you miss an exam, for whatever reason, the comprehensive Final Exam will count in its place (and will consequently count twice in the determination of your final course grade). University athletes are allowed make-up exams missed due to official university sporting events pending ample WRITTEN notification in advance (at least 7 days prior to a scheduled exam). Club/recreational sports are not granted the same courtesy. The proposed exam dates are presented in this course syllabus, so please plan your semester accordingly.
Research Paper 100 points

Each student will be required to complete a 12 page typed (double spaced, 12pt font, one-inch margins throughout) term paper on an international trade topic of their choice (you may exceed 12 pages if you prefer). The paper must be properly referenced (MLA-style – please consult a style manual if you are unsure how to properly reference a term paper) and must relate to topics we have covered in class. Proper referencing is required to avoid plagiarism, which is a VERY serious case of cheating. The 12 pages do NOT include the reference list, tables, and/or figures; these would be in addition to the 12 pages.

The purpose to this paper is for you to display your mastery of the material covered in this course and how well you can apply these concepts through an independent research project.

Each student should contact the instructor for approval of your chosen topic. Only one student per topic as these papers are individual assignments; thus, one a topic it taken, no other student can pursue the same topic. It is entirely the instructor’s discretion to determine whether a topic is taken or whether a proposed topic is sufficiently different from an already spoken for topic.

Further details and guidelines will be provided in class.

The paper will be graded as follows:

- Two-page summary of topic* 10 points
- Style and presentation 10 points
- Proper referencing (MLA style) 10 points
- Relevance of topic 10 points
- Literature Review 10 points
- Economic analysis 25 points
- Oral presentation** 25 points

*) You must turn in a two-page summary (typed, 12pt font, one inch margins throughout) of your proposed topic no later than Thursday March 8. The two-page summary DOES NOT count towards the 12 pages of the final paper. No explicit references are needed for this summary, but students must outline their topic, research method, and how the topic relates to the class.

**) Each student will be required to give a 5-7 minute presentation of their paper to the class. The presentation should be professional in nature and should utilize PowerPoint. Presentations will be given during April 12, April 17, April 19, and April 24 tentatively. Attendance at all presentations is required. Arriving late for presentation days are not allowed and would result in the loss of all attendance points allocated for that day.

The final term paper is due no later than Tuesday April 24.
Attendance and Participation  40 points

Formal attendance will be taken. Given the nature and the quantity of material covered, regular attendance is a pre-requisite for doing well in this course. Students are assumed to be highly committed to this course, so a (near) perfect attendance pattern is expected. By taking attendance, students who regularly attend class are rewarded.

Attendance will be taken on randomly assigned ‘attendance days’ by formally passing out an in-class attendance assignment at the beginning of class (i.e., at 8:30am on Tuesdays or at 9:35am on Thursdays) and they are subsequently collected at the end of class.

Students arriving late will only be given half the attendance points in the case of points being allocated to that day. If a student arrives after half the class has passed, no attendance credit will be given for that day. Students are allowed to miss ONE of these randomly assigned attendance days without penalty. The attendance grade given at the end of the semester will correspond to the direct proportion of attendance during these random attendance days. Missing class or arriving late will therefore adversely affect your performance in this course in a fairly significant manner.

Excused absences are not entertained. Exception is provided for students participating in official university-sponsored events. Written notification must be provided to the instructor (during office hours) prior to said event. This rule also applies to university athletes.

Professional Etiquette: In order to provide a productive environment conducive to everyone’s learning, adherence to the following guidelines is expected and required:

- **CELLULAR PHONES are to be turned off**, as it is very disruptive when these devices ‘go off’ during class. No TXT-ing or any other use of cellular phones is permitted or tolerated in class. So please take a moment to turn off your devices before the class begins. You should discontinue the use of any iPods, cell phones, Blackberries or similar devices once the class period begins.
- Students are expected to be on-time for class. It is VERY disruptive when students arrive late for class.
- Leaving class early is not tolerated.
- You should avoid talking amongst each other once the lectures begin (this includes conversations about the material and the class itself), as this is very disrespectful to your fellow students who are in class to learn. If you have any questions during class about the material, please raise your hand and I will be happy to address any concerns you may have.
- You should NOT read the Alligator or any other newspaper in the classroom once the class period begins.
- You should NOT work on assignments for any other classes once the lectures begin.
- Laptops are not allowed in class.

If you cannot abide by these simple common-sense rules you will be asked to leave the classroom. I also reserve the right to penalize any student violating these rules by deducting points from your final course grade.
Other Important Information

Students are responsible for all deadlines/critical dates and policies set forth by the University of Florida. Deadlines/critical dates are published on the University of Florida Office of the University Registrar’s web-site, http://www.registrar.ufl.edu/. Current academic policies are presented in the University of Florida Undergraduate Catalog, https://catalog.ufl.edu/ugrad/current/Pages/home.aspx.

Academic Honesty: In 1995 the UF student body enacted an honor code and voluntarily committed itself to the highest standards of honesty and integrity. When students enroll at the university, they commit themselves to the standard drafted and enacted by students. In their words, the Honor Code Preamble: In adopting this honor code, the students of the University of Florida recognize that academic honesty and integrity are fundamental values of the university community. Students who enroll at the university commit to holding themselves and their peers to the high standard of honor required by the honor code. Any individual who becomes aware of a violation of the honor code is bound by honor to take corrective action. The quality of a University of Florida education is dependent upon community acceptance and enforcement of the honor code.

The Honor Pledge: We, the members of the University of Florida community, pledge to hold ourselves and our peers to the highest standards of honesty and integrity.

On all work submitted for credit by students at the university, the following pledge is either required or implied: "On my honor, I have neither given nor received unauthorized aid in doing this assignment." The university requires all members of its community to be honest in all endeavors. A fundamental principle is that the whole process of learning and pursuit of knowledge is diminished by cheating, plagiarism and other acts of academic dishonesty. In addition, every dishonest act in the academic environment affects other students adversely, from the skewing of the grading curve to giving unfair advantage for honors or for professional or graduate school admission. Therefore, the university will take severe action against dishonest students. Similarly, measures will be taken against faculty, staff and administrators who practice dishonest or demeaning behavior.

Student Responsibility: Students should report any condition that facilitates dishonesty to the instructor, department chair, college dean or Student Honor Court.

Faculty Responsibility: Faculty members have a duty to promote honest behavior and to avoid practices and environments that foster cheating in their classes. Teachers should encourage students to bring negative conditions or incidents of dishonesty to their attention. In their own work, teachers should practice the same high standards they expect from their students.

Administration Responsibility: As highly visible members of our academic community, administrators should be ever vigilant to promote academic honesty and conduct their lives in an ethically exemplary manner. This policy will be vigorously upheld at all times in this course.

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Any instances of academic dishonesty will be reported to Student Judicial Affairs.
Students Requesting Classroom Accommodation: The Disability Resource Center coordinates the needed accommodations of students with disabilities. This includes registering disabilities, recommending academic accommodations within the classroom, accessing special adaptive computer equipment, providing interpretation services and mediating faculty-student disability related issues. Please contact this office at 0020 Reid Hall, 392-8565, www.dso.ufl.edu/drc/. Any student requesting accommodation will have to provide documentation from the Disability Resource Center.

UF Counseling Services: The life of a college student can sometimes be overwhelming. Resources are available on-campus to help students manage personal issues or gain insight into career and academic goals. Students experiencing crises or personal problems that interfere with their general well-being are encouraged to utilize the university’s various counseling resources. The following resources are available for all UF students:

- For general student affairs, Dean of Students Office, 392-1261 (after hours, call 392-1111)
- For mental health consultations, Counseling & Wellness Center, 392-1575 (24/7 phone access)
- For physical health consultations, Student Health Care Center, 392-1161
- For victims of sexual assault, Office of Victim Services, 392-5648 (after hours, call 392-1111)
- For career guidance, Career Resource Center, 392-1602, www.crc.ufl.edu

Software Use: All faculty, staff, and students of the University of Florida are required and expected to obey the laws and legal agreements governing software use. Failure to do so can lead to monetary damages and/or criminal penalties for the individual violator. Because such violations are also against University policies and rules, disciplinary action will be taken as appropriate.

By enrolling in this course you are agreeing to the terms outlined in this syllabus. Please come by my office should you have any questions or concerns.

I wish everyone a great and productive semester 😊