

Chapter 4 Partial Equilibrium Trade Policy Simulation

This study is concerned with the economic theory of exhaustible resources. My interest in exhaustible resources dates back several years when prof. dr. J. Cramer and prof. dr. C. von Weizsacker stimulated me to direct my research, at the Faculty of Actuarial Science and Econometrics of the University of Amsterdam, to the exploitation of Dutch natural gas. This issue raised many theoretical problems, in which I got gradually more and more involved. I was lucky to find in prof. dr. H. Weddepohl a person prepared to listen patiently and to read and criticize my numerous attempts to solve these problems. The actual work on the present monograph started in 1982 at the Faculty of Philosophy and Social Sciences of the Eindhoven University of Technology, in the context of the program "Equilibrium and Disequilibrium" of the "voorwaardelijke financiering" (university financing system). I wish to thank here my supervisors prof. dr. P. Ruys and prof. dr. H. Weddepohl for their comments on earlier drafts of this monograph. When looking back, I realize that their remarks and our discussions have led to notable improvements. Also the International Institute for Applied

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Systems Analysis (Laxenburg, Austria) has made a valuable contribution by offering me the opportunity to spend three months in its serene academic environment in the summer of 1983. Thanks also to the energy group of I. I. A. S. A. and the I. I. A. S. A. foundation Netherlands.

A Practical Guide to Trade Policy Analysis

Now in its third edition, this textbook covers all of the standard topics taught in undergraduate International Economics courses. However, the book is unique in that it presents the key orthodox neoclassical models of international trade and investment, whilst supplementing them with a variety of heterodox approaches. This pluralist approach is intended to give economics students a more realistic understanding of the international economy than standard textbooks can provide. Changing Patterns of Global Trade outlines the factors underlying important shifts in global trade that have occurred in recent decades. The emergence of global supply chains and their increasing role in trade patterns allowed emerging market economies to boost their inputs in high-technology exports and is associated with increased trade interconnectedness. The analysis points to one important trend taking place over the last decade: the emergence of China as a major systemically important trading hub, reflecting not only the size of trade but also the increase in number of its significant trading partners.

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Handbook of Commercial Policy explores three main topics that permeate the study of commercial policy. The first section presents a broad set of basic empirical facts regarding the pattern and evolution of commercial policy, with the second section investigating the crosscutting legal issues relating to the purpose and design of agreements. Final sections cover key issues of commercial policy in the modern global economy. Every chapter in the book provides coverage from the perspectives of multilateral, and where appropriate, preferential trade agreements. While most other volumes are policy-oriented, this comprehensive guide explores the ways that intellectual thinking and rigor organize research, further making frontier-level synthesis and current theoretical, and empirical, research accessible to all. Covers the research areas that are critical for understanding how the world of commercial policy has changed, especially over the last 20 years Presents the way in which research on the topic has evolved Scrutinizes the economic modeling of bargaining and legal issues Useful for examining the theory and empirics of commercial policy

This book provides an accessible, undergraduate-level introduction to computable general equilibrium (CGE) models, a class of model that has come to play an important role in government policy decisions. The book uses a graphical approach to explain the economic theory that underlies a CGE model, and

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provides results from simple, small-scale CGE models to illustrate the links between theory and model outcomes. The book includes eleven guided, hands-on exercises that introduce modeling techniques that are applied to real-world economic problems. Students will learn how to integrate their separate fields of economic study into a comprehensive, general equilibrium perspective as they develop their skills as producers or consumers of CGE-based analysis.

Many governments of developing countries burdened with international debt are under ever-increasing pressure to use their scarce economic resources wisely. Faced with slow progress in alleviating poverty and stimulating economic growth, they especially need to end wasteful subsidies and revise inefficient tax policies. This book will help staff members of government planning agencies and ministries of finance and agriculture to analyze the effects of government policies on the production, consumption, and export of agricultural commodities. The analytical techniques that Isabelle Tsakok demonstrates in this book are the essential first step in reforming agricultural price policy to bring about a more efficient allocation of resources. After mastering the techniques of single-market, partial-equilibrium analysis, which are the book's focus, policy analysts can use the techniques to identify when more sophisticated methods, such as multi-market analysis and computable general-equilibrium models, are needed to

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determine what agricultural price policies are "right." Tsakok begins with graphical analysis and data requirements in order to build intuitive understanding, and progresses through steadily more complex techniques, demonstrating—step by step—the calculation of domestic resource costs, effective rates of protection, and related coefficients of protection. Providing a wide range of numerical real-world examples to illustrate the practical application of the partial-equilibrium framework, *Agricultural Price Policy* is an invaluable reference manual and teaching tool.

This publication displays the menu for choice of available methods to evaluate the impact of Free Trade Agreements (FTAs). It caters mainly to policy makers from developing countries and aims to equip them with some economic knowledge and techniques that will enable them to conduct their own economic evaluation studies on existing or future FTAs, or to critically re-examine the results of impact assessment studies conducted by others, at the very least. This volume contains a stimulating collection of analytical studies focusing on taxation in Mozambique. It tells a compelling story about tax systems in a low income economy increasingly integrated into the world trading system, but very much dependent on foreign trade taxes and international development assistance. Key issues covered include: A better understanding of the historical background of tax reforms in a representative African economy (Mozambique) along with an assessment of taxation performance in a comparative perspective. Insights into the practice and implications of tax policy, both from the perspective

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of the consumer and the firm level. Discussion of the existing institutional set up in which tax policy and its enforcement operate and analyses of current tax practices. Taxation themes at the border and at domestic level, which are typical for low-income economies, characterized by a high degree of reliance on foreign trade taxes. This volume is meant as a guide for developing country government officials and professional aid practitioners as well as academics, researchers and tax policy analysts working in the development field. It will also be of interest to students of development with a special interest in public finance issues in poor countries and how to improve policy-effectiveness, including tax policy, in a developing country setting.

An Advanced Guide to Trade Policy Analysis provides the most recent tools for analysis of trade policy using structural gravity models.

The theoretical claims for eco-tariffs are rigorously analyzed within a unified framework formed of an international trade model enriched with both a domestic and a global externality. During the course of the analysis the model is modified to analyze an array of contexts for which eco-tariffs have been claimed to improve environmental quality or welfare. The circumstances and conditions are characterised under which such tariffs can be shown to improve environmental quality and social welfare, taking account of general equilibrium effects. The theoretical results are applied in a policy analysis of eco-tariffs and other trade instruments in the context of domestic and global environmental policy in order to assess the relevance of the eco-tariffs that have been subjected to the theoretical analysis. Finally, the GATT/WTO rules and regulations are presented, since to date these have banned the use of eco-tariffs. The rules and regulations are mapped against the theoretical results to show which rules ought to be

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changed.

In the ongoing Doha Development Round of World Trade Organization negotiations, developing countries have had much greater leverage, due at least in part to their large and growing share of world trade. But will the increased influence of developing countries translate into a final agreement that is truly more development-friendly? What would be key ingredients in such a final outcome of the negotiations, and what would the developing countries really get out of it. This two volume set seeks to answer these questions. This volume (Volume 2) addresses the question of how a development-friendly outcome to the talks would affect developing countries by quantifying the impact of multilateral trade reform. It presents several different approaches to modeling the effects of the outcome of negotiations, and then investigates why these (and other) modeling efforts produce such divergent results. Volume 1 is issues-oriented. It takes up some key questions in the negotiations, setting the stage with a historical overview of the Doha Development Agenda to help identify issues of most significance to developing countries, and then explores select issues in greater depth. Aimed at policymakers and stakeholders, this two-volume effort puts into the public domain important analytical work that will improve the chance for a pro-development outcomes of the Doha round negotiations.

How successful is PPP, and its extension in the monetary model, as a measure of the equilibrium exchange rate? What are the determinants and dynamics of equilibrium real exchange rates? How can misalignments be measured, and what are their causes? What are the effects of specific policies upon the equilibrium exchange rate? The answers to these questions are important to academic theorists, policymakers, international bankers and

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investment fund managers. This volume encompasses all of the competing views of equilibrium exchange rate determination, from PPP, through other reduced form models, to the macroeconomic balance approach. This volume is essentially empirical: what do we know about exchange rates? The different econometric and theoretical approaches taken by the various authors in this volume lead to mutually consistent conclusions. This consistency gives us confidence that significant progress has been made in understanding what are the fundamental determinants of exchange rates and what are the forces operating to bring them back in line with the fundamentals.

This paper presents a model of the Malawi maize commodity market that is developed for use as a policy analysis tool. The model captures national and local maize market dynamics and the linkages existing within the maize market in the country. This research has been undertaken in order to provide policy makers with a robust tool which can be used to simulate the impact of policy changes on markets and households. Such a tool ensures the availability of evidence for informing food and agricultural policies. The model is a multiequation partial equilibrium model of the national maize market in Malawi. It is developed and linked in a top-down unidirectional manner to the local maize economy via a price linkage equation. A nonbehavioral arithmetic microaccounting approach is used to estimate rural household incomes that are linked to the local economy, through which macroeconomic-level maize price changes transmit. The model can be used as a tool for analyzing the impacts of macroeconomic and agricultural policy changes on the maize industry as well as on rural households that rely on maize. The novelty of the model is that it takes into account the interrelationships between farm/household, local-economy, and national maize market prices,

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as well as economic theory and existing empirical evidence, to build a framework that is capable of linking to the macroeconomy rural subsistence households that are traditionally deemed to have few or no backward and forward linkages.

Providing an evaluation of procedures for quantifying the effects of non-tariff barriers, this book examines the theoretical bases for alternative procedures for measuring NTBs effects, and also presents a critical survey of previous studies that utilized these empirical studies.

In these six essays Ronald Findlay explores modifications to the factor proportions model, looking in particular at what happens when human capital and land use are allowed to vary endogenously. The standard version of the Heckscher-Ohlin model of international trade treats the factors of production--land, labor, and capital--as essentially analytically similar and symmetrical. In these six essays Ronald Findlay explores modifications to the factor proportions model, looking in particular at what happens when human capital and land use are allowed to vary endogenously. Findlay extends the factor proportions theory of international trade to consider capital accumulation, income distribution, and factor mobility in a growing world economy. Among the questions he addresses are such fundamental issues as the conditions under which international trade equalizes the rate of interest; the effects of learning and invention on economic growth and comparative advantage; the role of human capital and skill formation in determining patterns of comparative advantage and the reciprocal

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effect of international trade on these variables through its impact on wage differentials between skilled and unskilled workers; the incorporation of new territories into a trading system by extensions of the frontier and labor migration as in the establishment of the Atlantic economy of the nineteenth century; and the impact of reductions in transport costs of industrial raw materials on global patterns of manufacturing activity and comparative advantage. The Ohlin Lectures

This reference accords recognition to the recent revolution in macroeconomics wrought by imperfect competition. Grossman and Rogoff (Princeton U.) present chapters by two dozen contributors on two prime areas of research interest: international trade theory and policy (e.g. strategic trade patterns and policies, the relationship between trade and technological progress), and open economy macroeconomics and international finance (covering such topics as exchange rates, foreign lending, and policy coordination). The volume commences with Krugman's overview of the positive theory of international trade, and concludes with analyses of sovereign debt. Annotation copyrighted by Book News, Inc., Portland, OR.

This Advanced Guide to Trade Policy Analysis is a follow-up to the original Practical Guide to Trade Policy Analysis. It provides the most recent tools for analysis of trade policy using structural gravity models. Written by experts who have contributed to the development of theoretical and empirical methods in the academic gravity literature and who have rich practical experience in the field, this publication explains how to conduct

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partial equilibrium estimations as well as general equilibrium analysis with structural gravity models and contains practical guidance on how to apply these tools to concrete policy questions. This Advanced Guide has been developed to contribute to the enhancement of developing countries' capacity to analyse and implement trade policy. Welfare Economics and Sustainable Development theme is a component of Encyclopedia of Development and Economic Sciences in the global Encyclopedia of Life Support Systems (EOLSS), which is an integrated compendium of twenty one Encyclopedias. This theme introduces welfare economics and sustainable development in four topics dealing with four important issues to be considered in implementing sustainable development. These are: the use of ethics and discounting and economic growth models in balancing the interests of future generations against those of the present; the advantages and limitations of national accounting methodologies as means of evaluating sustainability; the international dimensions of sustainable development arising out of environmental and economic linkages among nations; and the nature of institutions required to promote sustainable development. These two volumes are aimed at the following five major target audiences: University and College students Educators, Professional practitioners, Research personnel and Policy analysts, managers, and decision makers and NGOs. This handbook covers a wide spectrum of issues relating to small states. Chapters in the volume have been grouped under the three main themes of economic, social and

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environmental issues. The economics sections include chapters dealing with trade, finance and regulatory frameworks, while the social theme covers health, migration, population ageing, as well as overall social wellbeing. The environmental theme examines matters such as measuring environmental performance, natural disasters, the ocean economy, and the validity of the Sustainable Development Goals. One major issue is the definition of small states. As this volume demonstrates, generally speaking, population is used to measure country size in the literature. However, it clearly emerges that there is no real consensus as to the population cut-off point that distinguishes small states from large ones. While the approaches taken by the authors vary, in all cases the chapters draw practical policy implications for small states. The book can therefore be considered as a wide-ranging depository of information on small states with the aim of deriving policy prescriptions, and thus as an excellent resource for academics, students and policymakers.

This book reports the authors' research on one of the most sophisticated general equilibrium models designed for tax policy analysis. Significantly disaggregated and incorporating the complete array of federal, state, and local taxes, the model represents the U.S. economy and tax system in a large computer package. The authors consider modifications of the tax system, including those being raised in current policy debates, such as consumption-based taxes and integration of the corporate and personal income tax systems. A counterfactual economy associated with each of these

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alternatives is generated, and the possible outcomes are compared.

A passionate and informed critique of mainstream economics from one of the leading economic thinkers of our time This insightful book looks at how mainstream economics' quest for scientific certainty has led to a narrowing of vision and a convergence on an orthodoxy that is unhealthy for the field, not to mention the societies which base policy decisions on the advice of flawed economic models. Noted economic thinker Robert Skidelsky explains the circumstances that have brought about this constriction and proposes an approach to economics which includes philosophy, history, sociology, and politics. Skidelsky's clearly written and compelling critique takes aim at the way that economics is taught in today's universities, where a focus on modelling leaves students ill-equipped to grapple with what is important and true about human life. He argues for a return to the ideal set out by John Maynard Keynes that the economist must be a "mathematician, historian, statesman, [and] philosopher" in equal measure.

Agricultural trade is a major factor determining food security in Caribbean countries. In these small open economies, exports are essential, whilst imports provide a large part of the food supply. This book examines various dimensions of trade policy and related issues and suggests policies to address trade and food security and rural development linkages. It is as a guide and reference documents for agricultural trade policy analysts, trade negotiators, policy-makers and planners in both the public and private sectors.

Brings together experts from around the world to consider specific issues pertaining to regional integration and governance within small states. The authors collectively address the challenges posed to small states by the quickened pace of globalisation. The lessons learnt

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from the experiences of small states are then used to draw policy lessons for the Pacific island countries.

This paper focuses on the sluggish growth of world trade relative to income growth in recent years. The analysis uses an empirical strategy based on an error correction model to assess whether the global trade slowdown is structural or cyclical. An estimate of the relationship between trade and income in the past four decades reveals that the long-term trade elasticity rose sharply in the 1990s, but declined significantly in the 2000s even before the global financial crisis. These results suggest that trade is growing slowly not only because of slow growth of Gross Domestic Product (GDP), but also because of a structural change in the trade-GDP relationship in recent years. The available evidence suggests that the explanation may lie in the slowing pace of international vertical specialization rather than increasing protection or the changing composition of trade and GDP.

Drawing together new papers by some of today's leading figures in international economics and finance, *Understanding Interdependence* surveys the current state of knowledge on the international monetary system and, by implication, defines the research horizon for the future. Covering topics including the behavior of exchange rates, the choice of exchange-rate regime, current-account adjustment in classical and Keynesian models, the extent and effects of capital mobility, international debt, the stabilization and reform of the formerly planned economies, European monetary union, and international policy coordination, the book underscores the importance of these subjects and identifies lessons for policymakers. The contributors to the volume are Michael Bruno, Ralph C. Bryant, Richard N. Cooper, Michael P. Dooley, Barry Eichengreen, Stanley Fischer, Charles A. E. Goodhart, Peter Hooper, Peter B. Kenen, Paul R.

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Krugman, Henri Lorie, Jaime Marquez, Ronald I. McKinnon, Michael Mussa, Maurice Obstfeld, John Odling-Smee, Assaf Razin, Dani Rodrik, Mark P. Taylor, and John Williamson.

The authors' model is the first large-scale computer simulation of the effects of changes in U.S. import quotas.

Nowhere has the divide between advocates and critics of globalization been more striking than in debates over free trade and the environment. And yet the literature on the subject is high on rhetoric and low on results. This book is the first to systematically investigate the subject using both economic theory and empirical analysis. Brian Copeland and Scott Taylor establish a powerful theoretical framework for examining the impact of international trade on local pollution levels, and use it to offer a uniquely integrated treatment of the links between economic growth, liberalized trade, and the environment. The results will surprise many. The authors set out the two leading theories linking international trade to environmental outcomes, develop the empirical implications, and examine their validity using data on measured sulfur dioxide concentrations from over 100 cities worldwide during the period from 1971 to 1986. The empirical results are provocative. For an average country in the sample, free trade is good for the environment. There is little evidence that developing countries will specialize in pollution-intensive products with further trade. In fact, the results suggest just the opposite: free trade will shift pollution-intensive goods production from poor countries with lax regulation to rich countries with tight regulation, thereby lowering world pollution. The results also suggest that pollution declines amid economic growth fueled by economy-wide technological progress but rises when growth is fueled by capital accumulation alone. Lucidly argued and authoritatively written, this book will provide students and researchers of international trade and

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environmental economics a more reliable way of thinking about this contentious issue, and the methodological tools with which to do so.

This major reference book comprises specially commissioned surveys in environmental and resource economics written by an international team of experts. Authoritative yet accessible, each entry provides a state-of-the-art summary of key areas that will be invaluable to researchers, practitioners and advanced students.

Currently, China is the world's largest emitter of CO₂, accounting for about 28 percent of global emissions. At the time of this writing, China just announced that it aims to have CO₂ emissions peak before 2030 and achieve carbon neutrality before 2060. Achieving this target requires dramatically reducing the reliance on fossil fuel. One of the biggest efforts China is planning is the nationwide carbon emissions trading system that has been piloted in several provinces since 2013. Once implemented, this system will become the world's largest emissions trading system. This dissertation assesses the economic impacts of China's forthcoming nationwide carbon emissions trading system. China's emissions trading system differs from a conventional cap and trade (C&T) system and a carbon tax, the carbon pricing instruments used elsewhere. This nation will employ a tradable performance standard (TPS). A key property of TPS is its rate-based allowance allocation approach. The rate-based approach makes TPS implicitly subsidize output as an implicit output subsidy, which has significant consequences for cost-effectiveness and distributional impacts. This dissertation aims at assessing the economic impacts of this unconventional emissions trading system. It considers the first phase of the system that covers only electricity sector and the second phase that covers electricity, cement and aluminum sectors, offering theoretical analysis and numerical simulations. In Chapter 2,

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with matching analytically and numerically solved models, we assess the cost-effectiveness and distributional impacts of China's forthcoming TPS for reducing CO₂ emissions from the power sector. In Chapter 3, I extend the single-sector partial equilibrium model employed in Chapter 2 to a multi-sector general equilibrium model to examine the impacts of China's TPS across the whole economy. A general equilibrium model is also necessary for the assessments of China's TPS that potentially will be implemented in multiple sectors. In Chapter 4, I examine the impacts of market power on the cost-effectiveness of TPS and C&T. To the best of my knowledge, this chapter is the first study that focuses on the impacts of market power on a rate-based allowance trading system. I consider two types of market power: the market power in the carbon allowance market and the market power in the electricity market. I show how the two types of market power affect TPS and C&T differently.

"Trade liberalization is expected to act positively on world economic development and poverty alleviation, both of which have become high priorities of the international community. This emphasis explains why numerous studies have focused on assessing the expected benefits of trade liberalization on development. The main empirical tools for these assessments have been the use of spatial and nonspatial partial equilibrium models, gravity equations, and single- and multicountry computable general equilibrium models (CGEMs). Multicountry CGEMs, however, have produced strikingly divergent results. As demonstrated by recent studies, the associated increase in world welfare from full trade liberalization ranges from 0.2 to 3.1 percent -results that differ by a factor of 15! The objective of this study is to examine the efficiency of trade modeling in capturing the benefits from trade liberalization. It provides a survey of methodologies utilized to assess the impact of trade liberalization, putting an emphasis on

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multicountry CGEMs, and examines the extent to which such assessments diverge. The survey also demonstrates the benefits of complementary analysis, which utilizes different methodologies to study a specific topic. The report presents global modeling results using a general equilibrium model -the modeling international relations under applied general equilibrium (MIRAGE) model -the results of which are compared to those obtained in recent studies. Using the MIRAGE model,1 full trade liberalization is estimated to increase world real income by US\$100 billion (+0.33 percent) after 10 years of implementation. This trade reform would be development-friendly, as it entails a larger growth rate of real income for developing countries and especially for least-developed countries." -- p. 1

International Economics by Dominick Salvatore presents a comprehensive, up-to-date, and clear exposition of the theory and principles of international economics. Salvatore presents concepts that are essential for understanding, evaluating, and suggesting solutions to the important international economic problems and issues facing the United States and the rest of the world today and that they are likely to face in the coming years. Neither overly complex nor too simplistic, International Economics helps readers see the immediate relevance of the material and contains an unparalleled number of real-world applications and examples. This text is an unbound, three hole punched version.

This book provides a comprehensive introduction to the applied economic modeling of trade policies.

This Guide to Trade Policy Analysis provides the main tools for the analysis of trade policy. Written by experts with practical experience in the field, this publication outlines the major concepts of trade policy analysis and contains practical guidance on how to apply them to

