International trade concepts simulation assignment

Business

International Trade Concepts Simulation Abstract The following paper will present information found in a simulation based on international trade concepts. Key points found from the reading will be noted and concepts discussed will be shown integrated in the workplace. International Trade Concepts Simulation International trade has become a very important means of survival for global economies in this day and age. As countries continue to grow and resources become smaller, trade with other countries who have provide certain resources in a greater capacity becomes very lucrative.

At the same time, those same countries must be able to offer something of similar value. Through this ability of trade, this allows countries to increase their production capabilities by specializing in products it can produce more efficiently. In this paper, we will observe how international trade concepts affect the growth and production ability of a country through certain decisions and how their application can be applied in the real world. In the simulation, the country of Rodamia was opening its borders to international trade. We had to determine what resources were going to be exported and imported from the neighboring countries.

Depending on whether or not certain products were being dumped or if local industries needed help in growth, concepts such as tariffs, quotas, and the implementation of free trade between countries were implemented. By opening up Rodamia's borders to trade, it was imperative to see what resources were created more efficiently and took fewer resources from others to make in comparison to the neighboring countries. There are advantages and disadvantages to international trade. The opening of trade with neighboring countries presented the possibilities of making more for the country through our own resource specialization.

This also helps the growth of certain industries in all countries involved in trade. Applying tariffs and quotas help protect the local industries from being under sold from imported goods. Yet, this can lead to possible tension between tariffs and quotas placed on trade neighbors and can force prices of goods higher. Another disadvantage that can occur happens when free trade agreements are allowed with one country but not another. Although no free trade agreements with larger countries are possible when bargaining power is stronger with them, it can still lead to higher imports and caps on exports.

Free trade agreements do allow smaller and weaker countries the ability to grow their industries and possibly provide more jobs for both trade partners in the long run. There were four key points relevant to the readings that were apparent in the simulation. A country’s debts are usually judged in comparison to their assets. (Colander, 2006) The simulation involved certain aspects of such when corn was considered to be in excess from importation. Surpluses were also identified when one country was considered dumping their imports of watches onto the country of Rodamia.

This endangered the local watch industry as prices from the imported watch goods were undercutting the local market. In order to level the excess, tariffs were set. Protectionism was also discussed as fledgling markets of Rodamia, such as corn, was in need of growth. Once again the use of tariffs and quotas were set in order to protect the local industry. Outsourcing was also touched upon as free trade agreements could possibly open jobs in weaker neighboring countries that can offer comparative work as well. The ability to apply such concepts in a medical facility is possible.

When acquiring traveler nurses from different contractors, we can set certain limits through pay plans. The cheaper the labor is more cost effective for the hospital, yet the quality might not necessarily be the same. Setting up quotas for numbers of nurses from a particular agency can help protect other agencies from losing service from our hospital and can help maintain a good and healthy relationship. At the same time, this also helps grow our own staff to protect their job security. The concept summary of the simulation helped bring out a better understanding of how international trade concepts work.

The country of Rodamia had fielded a decent trade agreement plan around their neighboring countries. By limiting certain imports through the use of tariffs and opening up free trade with smaller countries, Rodamia was able to increase their own economy and protect growing markets such as corn. Choosing the exportation of cheese and DVD players with particular countries also were correct decisions on what markets needed to be focused on if international trade were to be successful in providing better opportunity costs to Rodamia.

International trade concepts helped give the understanding of comparative advantage. What one country is strong at producing can help another country out in need, and vice versa. As time continues, the comparative advantage between countries can change and consumer choices become larger. If done correctly, international trade is a huge advantage to the growing global economy. References Colander. (2006). Economics: Sixth Edition. New York: The McGraw-Hill Companies.