

SEMESTER AT SEA COURSE SYLLABUS

Voyage: Spring 2014

Discipline: ECONOMICS

SEMS 3500-106: INTERNATIONAL TRADE

Division: Upper

Faculty Name: DR. CHANDRASHEKHAR (CHANDRA) G. RANADE

Pre-requisites:

Principle of Macroeconomics and Microeconomics

COURSE DESCRIPTION:

This course studies the nature and determinants of international trade and factor movements; the effects of international trade on prices of goods and factors; the consequences of tariffs, quotas, customs unions, and other trade policies and agreements, national or international; and international trade and the balance of payments. The course will focus on the importance of key international organizations like the World Trade Organization and The World Bank in international trade. The field visits to the countries visited will bring students closer to the real world situations and will help in reflecting what they have learned in the classrooms. Students will be evaluated on the midterm exam, reports on the field visits, ability to integrate other global courses they will attend on the ship, attendance and participation, and a final exam.

COURSE OBJECTIVES:

After completion of this course, student will be able to:

1. Explain the basis for the benefits of international trade by defining underlying concepts, linking the concepts by constructing models and using the models to analyze problems and issues,
2. Explain the nature of barriers to trade, analyze the consequences of such barriers and evaluate the arguments for pros and cons,
3. Explain the structure of the international monetary system including exchange rate determination, foreign exchange markets and balance of payments issues, and
4. Relate these understandings to the countries visited.

REQUIRED TEXTBOOKS:

Author: Robert J. Carbaugh

Title: International Economics

Publisher: South-western Cengage Learning

ISBN13: 978-1-4390-3894-9

Date/Edition: 2011, 13th Edition

Price: \$210.00

TOPICAL OUTLINE OF COURSE

A1- January 16: Overview of International Trade

Reading:

Chapter 1

Questions

What is globalization? How open is the US economy compared to other key countries?

Assignments:

Short quiz in class

Exercises from the book

A2- January 18: Foundations of Trade Theory

Reading:

(i) Chapter 2 (Pages 31-38)

(ii) Also study the video: Richard Elkus: Winner Take All: How Competitiveness Shapes the Fate of Nations

Questions

What is absolute advantage and what is comparative advantage?

Assignments:

(i) Exercises from the book

(ii) What is the solution to the present US trade crisis based on Richard Elkus's analysis?

January 20-21: Hilo

A3- January 22: Gains from Trade

Reading

Chapter 2 (Pages 38-48)

Questions

What are the welfare gains from trade?

Assignments:

Quiz in class

Exercises from the book

A4- January 24: Sources of Comparative Advantage

Reading:

Chapter 3

Questions:

Why are there differences in absolute and comparative advantages in different countries?

What are the sources of these differences and do they change over time?

Assignments:

In class quiz

Exercises from the book

A5- January 28: Terms of Trade

Reading

Chapter 3

Questions:

What are the terms of trade and how are they determined in free market?

Assignment:

In class quiz and assignments from Chapter 3

A6- January 30: Tariff as Trade Barrier

Discussion of Trans Pacific Partnership and Japan; and Field Lab to Nissan

Reading

Chapter 4

Question

What are tariffs and what is their effect on the social welfare in a country?

Assignment:

In class quiz and assignments from Chapter 4

February 1-5: Yokohama, Transit, Kobe

A7- February 6: Tariff by a big country

Reading

Chapter 4

Questions:

What is the effect of tariff in a big country, like US and Japan, on welfare?

Assignments

What is the view of the World Trade Organization on Tariff?

February 8-13: Shanghai, Transit, Hong Kong

A8- February 14: Non Tariff Trade Barriers

Reading:

Chapter 5

Question

What are non tariff trade barriers? Which trade barriers are the worst as far as welfare is concerned?

Assignment:

Compare the effect of non tariff trade barriers with trade barriers

A9- February 16: Trade Policies in Developing Countries and World Trade Organization

Reading:

Chapter 7

WTO Website

Question

What are the trade policies in China?
What are trade disputes between countries?

Assignment:

Using the World Trade Organization website compare the trade policies between Thailand and Vietnam.

February 17-22: Ho Chi Minh City

A10- February 24: New Emerging Countries (A Case of Myanmar)

Reading

Myanmar: Economic Development of Myanmar (USAID World Bank and IMF documents for 2013)
World Trade Organization on Myanmar (WTO website)

Question:

Are trade policies changing in Myanmar in recent years?

Assignment:

Check trade policies in China and see if there are disputes with other nations.

February 25-26: Singapore

A11- February 28: Mid Term Examination

March 2-6: Rangoon

A12- March 7: Evolution of Trade Policies in India

Reading:

Arvind Panagariya and Jagdish Bhagwati's various papers
Various papers published against globalization in the Economic and Political Weekly
Planning Commission of India: 12 the FYP

Questions:

How the trade policies have evolved in India and other South Asian countries?

Assignments:

Short essay on why developing countries seek protection in trade?

A13- March 10: Trade and Economic Development

Reading:

Todaro and Smith Book: (Chapter 12) International Trade and Theory of Development

Question

What are the political arguments against trade and foreign direct Investment?

Assignment:

Group work on comparison between various pairs of countries in Asia.

March 11-16: Cochin

A14- March 18: International Factor Movements and Multinational Enterprises

Reading:

Chapter 9

Question:

What is the nexus between the multinational enterprises and factor movements?

Assignment:

Exercises from Chapter 9.

A15- March 21: Balance of Payment and International Monetary Fund

Reading:

Chapter 14

IMF Website

Questions:

What is the difference between the current account and capital account?

What is the status of Balance of Payments in the countries involved in the voyage?

Question:

Has aid helped in economic development in Asia?

Assignments: Group work on the role of aid versus trade.

March 23: Port Louis

A16- March 24: Trade Distortions in Sub-Saharan Africa

Reading:

Ranade: A note based on various World Bank reports on Sub-Saharan Africa (Under preparation)

Questions:

Why there has been so much of distortion in free trade in Sub Saharan Africa? Why commodity exports are taxed? What is the effect of the export tax on growth?

Assignment:

Calculations of trade distortions and domestic resource costs for various export commodities

A17- March 27: Foreign Direct Investment in Sub Saharan Africa (Mining and Agriculture)

Reading:

World Bank reports on Ethiopia and Ghana

Question:

Is there a disproportionately high FDI in mining and agriculture?
What is the role of India and China in the FDI?

Assignment:

Group report on pros and cons of FDI in mining and agriculture.

A18- March 29: Balance of Payment in Selected Sub Saharan Countries

Reading:

IMF reports on Ethiopia, Kenya, South Africa, Ghana and Nigeria

Question:

Is the balance of payment situation improving in Africa?

Assignment:

Assignments on calculations of current and capital accounts.

March 30-April 2: Cape Town

A19- April 3: Exchange Rate Determination

Reading:

Chapter 11

World Bank reports on Nigeria and Ghana on the past distortions in exchange rate

Question:

Why exchange rate distortions alone can affect investment climate, trade growth adversely?

Assignment:

Calculation of purchasing power parity.

A20- April 4: Exchange Rate Determination

Reading:

Chapter 15

Question:

What is the relationship of macroeconomic policies, exchange rates and trade?

A21- April 8: Economic Development and Trade Issues in Ghana

April 11-15: Tema

A22- April 15: Trade related issues in Morocco

Reading:

Interport Lecturer from Morocco

Assignment:

Essay on Ghana

A 23- April 17: Balance of Payment and Exchange Rate

Review of Discussion

A24- April 21: Review for Final Examination

April 23-26: Casablanca

A25=April 27: **A Day Finals**

May 2: Arrival in South Hampton

FIELD WORK

The class will be divided into 6 teams for the fieldwork in each ports visited. Each team will track the prices of three goods or services assigned. In addition groups will record the price of McDonald's Big Mac and Pizza Huts' Veggie Lover Pizza (small size). Use this information to calculate the Purchasing Power Parity in each country visited. After calculating the PPP each group will write a 5-10 page paper. Each group will also list at least 5 non-tradeables they notice. The paper will be due no later than the second class meeting after the last port visited. Each group make a short presentation of their findings at the last regular class meeting. In addition, students should participate in one of the following Field Labs led by me and make a short in-class report.

***FIELD LAB** (20 percent of the contact hours for each course, to be led by the instructor.)*

In Japan:

Visit to Sony Corporation: Discuss with industry officials about the role played by the US trade in consumer electronic industry in the economic growth of Japan.

In China:

Visit to a government office about the role played by the coastal area development in trade and economic growth of China

In Myanmar:

Visit to the World Bank office to understand potential for growth in exports from Myanmar.

In India:

Visit to a Think Tank in Cochin to discuss the trade issues.

In Ghana:

Visit to a Private Farm to discuss the role of trade and also to discuss the role of agriculture in economic development

In Morocco:

Visit to the state university to discuss issues related to the effect of Eurozone on North Africa.

FIELD ASSIGNMENTS

Field assignments will be evaluated on the basis of the following rubric for the report.

CRITERIA	SCALE	Grading Numbers Rubrics	TOTAL
Knowledge level as it relates to development indicators(30%)	20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1	20= Presenter consistently demonstrated knowledge of the topics studied	
Structure of presentation (30%)	10 9 8 7 6 5 4 3 2 1	10 = Presentation followed a logical flow as follows: From data collection to the theory tested	
Handling of questions (30%)	25 24 23 22 21 20 19 18 17 16 15 14 13 12 11 10 9 8 7 6 5 4 3 2 1	25= Presenter was able and willing to answer all questions; responded to questions with an appropriate level of detail	
New Insight (10%)	10 9 8 7 6 5 0	10= Something completely new idea generated not discussed in the class 0=No idea	
(100%)			TOTAL

METHODS OF EVALUATION / GRADING RUBRIC

Filed Work:	25%
Assignment and Class Participation:	20%
Quizzes and In Class Writing	20%
Mid Term Examination	15%
Final Examination	20%

AUTHOR: Agmael, van Antoin

TITLE: The Emerging Markets Century: How a New Breed of World-Class Companies Is

Overtaking the World

PUBLISHER: Free Press, New York

ISBN: 07432-9457-2

DATE/EDITION: 2007/FIRST

AUTHOR: World Bank

TITLE: World Development Reports

PUBLISHER: World Bank/Washington DC

DATE/EDITION: Reports for past 10 years.

DATE/EDITION:

ELECTRONIC COURSE MATERIALS

Various vidoes from TED and FORA.TV

ADDITIONAL RESOURCES

HONOR CODE

Semester at Sea students enroll in an academic program administered by the University of Virginia, and thus bind themselves to the University's honor code. The code prohibits all acts of lying, cheating, and stealing. Please consult the Voyager's Handbook for further explanation of what constitutes an honor offense.

Each written assignment for this course must be pledged by the student as follows: "On my honor as a student, I pledge that I have neither given nor received aid on this assignment." The pledge must be signed, or, in the case of an electronic file, signed "[signed]."

