

SEMESTER AT SEA COURSE SYLLABUS  
University of Virginia, Academic Sponsor

**Voyage:** Spring 2016  
**Discipline:** Economics  
**Course Title:** INTERNATIONAL TRADE: THEORY AND POLICY  
**Division:** Upper  
**Faculty Name:** Chandrashekhar (Chandra) G. Ranade  
**Credit Hours:** 3  
**Contact Hours:** 38

**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**

Depart Ensenada- January 5:

### **A1- January 7:**

#### **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 9:**

#### **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?

**A3- January 11:**

### **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

Honolulu: January 12

**A4-January 14:**

### **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 17:**

**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

Study Day: January 19

**A6- January 20:**

**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

**A7-January 22:**

**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?

Yokohama: January 24-25

In-Transit: January 26

Kobe: January 27-28

**A8- January 29:**

**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

Shanghai: January 31-February 1

In-Transit: February 2-3

Hong Kong: 4-5

**A9- February 6:**

**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

Ho Chi Minh: February 8-12

**A10- February 13:**

**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.

**A11-February 16:**

**Mid Term Examination**

Yangon: February 18-22

**A12-February 23:**

**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- February 25:**

**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.

Cochin: February 27-March 3

**A14-March 4:**

**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 7:**

**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.

Port Louis: March 9

**A16- March 10:**

### **Trade Distortions in Sub-Saharan Africa**

*Reading:*

Various World Bank reports.

*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 13:**

### **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.

Cape Town: March 15-20

**A18- March 21:**

### **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.

**A19-March 23:**

### **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-March 25:**

### **Exchange Rate Determination**

*Reading:*

Chapter 15

*Question:*

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

Takoradi: March 27-28

Tema: 29-31

**A21- April 1:**

Economic Development and Trade Issues in Ghana

**A22-April 3:**

**Macroeconomic Policies, Trade and Economic Growth**

*Reading*

Chapter 18

*Question*

What is the Holy Trinity?

What is special about Open Economies?

*Assignment*

Exercises from Chapter 18.

**A23: April 5:**

**Summing Up and Review for Final Examination**

Casablanca April 7-11

**Discussion and Debate**

**A24: April 13:**

**Final Examination.**

Study Day: April 11

April 15: Arrive in Southampton

### **FIELD WORK**

Experiential course work on Semester at Sea is comprised of the required field lab led by your instructor and additional field assignments that span multiple ports.

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

Field lab attendance is mandatory for all students enrolled in this course. Do not book individual travel plans or a Semester at Sea sponsored trip on the day of your field lab.

The field lab for this course takes place on: Thursday, March 3

**In the morning students will attend a lecture followed by discussion on India's trade policies. This will be organized by the Center for Public Policy Research in Kochi In the afternoon the students will visit to a spice factory and see how trade is takes place in the spices and related products.**

### **FIELD ASSIGNMENTS**

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

<b>CRITERIA</b>	<b>SCALE</b>	<b>Grading Numbers Rubrics</b>	<b>TOTAL</b>
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%)			<b>TOTAL</b>

### **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%

### **ELECTRONIC COURSE MATERIALS**

Videos will be posted on intranet on WTO, World Bank and country level trade issues

### **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]."