

**Class Syllabus  
for  
International Trade--ECNS 431  
The University of Montana  
Fall 2019**

**Instructor: Professor Kellenberg**  
**Class Time: T Th from 2:00- 3:20 PM**  
**Class Location: LA 235**  
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**Office Hours: W, 1:00 - 2:30 PM or by appointment**

Note: The following syllabus defines the rules and important dates for the semester. However, I reserve the right to make changes if the need arises.

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**Course Prerequisite: ECNS 201**

**Course Description:** This course addresses a variety of issues in international trade. The first part of the course will be devoted to concepts in international trade theory, including topics such as comparative advantage, the classical model of trade, the Heckscher-Ohlin Model, tariffs, non-tariff barriers, the effects of trade on wages, and commercial trade policy. Along the way we will explore the empirical validity of various trade theories. The second part of the course will be devoted to issues such as foreign direct investment, multinational corporations, outsourcing, free trade agreements and customs unions.

**Learning Outcomes:** Students who successfully complete this course will:

1. Understand the difference between comparative advantage and absolute advantage and their importance for trade.
2. Be able to distinguish between various sources of comparative advantage and the impacts on trade flows using different models of trade.
3. Understand the effects of trade on wages.
4. Develop a solid understanding of the impacts of migration and capital flows on international trade, wages, and capital returns.
5. Learn the welfare effects on foreign and domestic firms, consumers, and governments associated with a variety of forms of trade policy, including tariffs, quotas, subsidies, and nontariff barriers.
6. Recognize the importance, impact, and challenges associated with a variety of bilateral, preferential, and multilateral trade agreements and organizations.

## Course Text

The required text for the course is [International Economics, 4ed.](#), by Feenstra and Taylor. Over the course of the semester we will cover a great deal of information, and I *strongly* urge you to keep up with reading the chapters as we cover them in class. There will be times during lecture when we will move quickly through topics and it will be paramount that you use the book and accompanying notes to help you solidify the concepts that we cover in class. You can either buy an online version of the text (see below) or you may buy an access code for the online text from the bookstore. With either option you will be **required** to register for the class LaunchPad website. On this website you will have access to the full etext and will complete your homework assignments. Instructions for registration with LaunchPad can be found below.

### How to Access the LaunchPad Class Website

Follow these steps to get started. If you need additional guidance, consult the [support site](#), especially the system requirements which list recommended browsers.

Go to <https://www.macmillanhighered.com/launchpad/feenstrataylorintlecon4e/11150746>

Bookmark the page to make it easy to return to (although note that the URL will look different due to security measures).

Enroll in this course using one of the following options:

If you have an access code, select "I have a student access code", enter the code exactly as it appears on the card, and click Submit.

If you don't have an access code, either purchase a text package that includes one OR click "I want to purchase access" and follow the instructions.

If you need to start working but can't purchase right away, select "I want temporary access" and follow the instructions. Please note: Your grades are linked to your Launchpad account username (email address). If you use temporary access, make sure you purchase or register your code using the same email address for your paid access.

If you have problems registering, purchasing, or logging in, please [contact Customer Support](#).

You can reach a representative 7 days a week:

- through the online form
- by chat
- by phone at (800) 936-6899

## **Class Notes**

Incomplete lecture notes will be posted on the Moodle class website before each lecture. Lecture notes will typically be available at least 24 hours in advance of lecture. I encourage you to print them out before each class and bring them to class to fill in the missing sections. I will NOT give out the completed notes if you miss class. If you miss lecture for any reason, it is YOUR responsibility to get the completed notes from someone else in class.

## **Grading**

Grading for the course will consist of a participation/attendance grade, between 9 and 11 online homework assignments, and four exams. The breakdown of the grades are as follows:

### **Grade Percentages for Undergraduate students:**

Participation/Attendance	10%
Homework Score	30%
Exam Scores	60%

## **Participation and Homework**

During the term I will occasionally present in-class problems or quizzes for you to work on. These will typically be problems that you can work on in groups. Your participation grade will be based on your presence and performance on these problems and quizzes. Your participation/attendance grade will make up 10% of your overall class grade.

We may also take a break from our lecture format and have one or two alternative class assignment days. On these days we will not have lecture but will have alternative assignments designed to get you thinking more deeply about the theory we are learning in class. These assignments will typically involve writing a 1-2 page summary or analysis piece on an in-class or online video, newspaper, magazine or journal article, or may come in the form of completing practice quizzes on the LaunchPad class page. Dates for the alternative class assignments will be announced in class and posted on the class LaunchPad website at least 1 week prior to their due dates. Each alternative class assignment will be included in your participation score.

There will also be between 9 and 11 homework assignments over the course of the semester. Homework assignments will be completed on the LaunchPad class website and will be announced in class and posted on the class website at least one week prior to the due date of each assignment. Homework assignments are based on completion by correctly answering a specified number of questions on the topics of a chapter. Thus, for each homework assignment you will earn a score of 0% or 100%. Late homework assignments will NOT be accepted. If you cannot complete your homework on the respective due dates then you should plan to complete them early. Homework

assignments will constitute 30% of your overall class grade. Each homework assignment will be weighted equally in your overall homework score.

## **Exams**

There will be four midterm exams, each worth 20% of your overall class grade. The lowest exam score of the four exams will be dropped. Thus, your exam score will be based on the three highest scores of the four exams. **THERE WILL BE NO MAKE-UP EXAMS.** If you miss a midterm exam or are unsatisfied with a midterm performance, for whatever reason, that will be the exam that is dropped.

## **Exam Replacement Policy**

Please be aware that I do not allow you to drop one of your midterm exams simply to be “nice”. Over the course of the semester, there are always people who will unfortunately experience some sort of illness or personal or family hardship. As such, I allow each of you to replace one midterm exam as a form of insurance policy against unforeseen events so that you can tend to any personal or family matters without it affecting your overall grade. **DO NOT** make the mistake of slacking off early in the semester thinking you can simply drop that exam. If something comes up later in the semester that causes you to miss one of the other midterm exams, then you will have to accept the poor performance on the midterm you missed/failed as part of your overall class score.

<b><u>Exam</u></b>	<b><u>Date</u></b>
Exam 1	<i>Thursday, September 19</i>
Exam 2	<i>Thursday, October 17</i>
Exam 3	<i>Tuesday, November 12</i>
Exam 4	<i>Tuesday, December 10</i> <i>(3:20 – 5:20PM)</i>

## **Graduate Student Increment (*For Graduate Students only*)**

Graduate Students taking the course are required to complete an additional assignment for successful completion of the course. Each graduate student must choose a current international trade topic of their choice for my approval. Upon my approval, each student will write a literature review paper that fully describes the international trade topic and the literature to date. Successful completion of this project will constitute a polished paper complete with references. The final paper is due to me by the last day of class (December 5, 2019). The literature review will constitute 10% of the students overall class grade such that for a graduate student, the following overall class grade percentages will apply:

**Grade Percentages For Graduate Students:**

Participation/Attendance	10%
Homework Score	20%
Literature Review	10%
Exam Scores	60%

**Course Drop and Grade Change Policy:** Course drops and grade changes are subject to the policies and official dates set by the Office of the Registrar. Course drop and grade change dates can be found at:

<https://www.umt.edu/registrar/calendar.php>

**A Word on Cheating and Plagiarism:** Do not do it! All students are expected to abide by the University of Montana Student Conduct Code. Any violators of the Student Code of Conduct will be subject to punishment as outlined in the Student Code. For more information on the Student Code of Conduct please consult the following [website](#).

**Students with Disabilities:** If you are a student with a disability who will require reasonable program modifications in this course, please meet with Disability Services for Students in Lommasson 154 for assistance in developing a plan to address program modifications. If you are already working with Disability Services, please arrange to meet with me during my office hours to discuss reasonable modifications that may be necessary. For more information, visit the [Disability Services website](#).

**Classroom Policies:** I reserve the right to ask you to leave the classroom for the day if I perceive that you are being disruptive in any way to me or others in class. I view disruptive behavior to include things like talking on a cell phone, texting, tweeting, emailing, surfing the web, reading a newspaper or doing crosswords puzzles during class time. *Cell phones must be put away (out of sight and ringers turned off) at all times.*

**Course Outline:** The following is an approximate roadmap of where we are headed. How far and how fast we proceed through each topic will depend on how quickly the class is picking up the material. As mentioned above, there will be journal articles assigned to complement the book chapters outlined below. The exam dates are set but the material covered on each exam will depend on our pace. I will let you know at least one week prior to each exam exactly which topics will be covered.

**Week 1 & 2 Topics****Feenstra and Taylor Chapters 1-2**

- Introduction – Definitions of Trade and Characteristics of National Economies
- Assumptions of the Basic Trade Model
- National Supply and National Demand
- Labor Theory of Value
- Absolute vs. Comparative Advantage

- Specialization in Production and Gains from Trade
- Relative Wage Determination

### **Week 3 & 4 Topics**

#### **Feenstra and Taylor Chapters 3-4**

- The Ricardo-Viner (Specific-Factors) Model
- The Heckscher-Ohlin Model
- The Rybczynski Theorem
- The Factor Price Equalization Theorem
- The Stolper-Samuelson Theorem
- Tests of the HO Model
- The Leontief Paradox

### **Week 5 & 6**

#### **Feenstra and Taylor Chapter 6**

- Intraindustry Trade
- Increasing Returns to Scale and International Trade

### **Week 7 & 8**

#### **Feenstra and Taylor Chapter 5 & 7**

- Migration and wages
- Capital Flows and the returns to capital
- Multinational corporations
- Outsourcing

### **Week 9 & 10**

#### **Feenstra and Taylor Chapters 8-9**

- Commercial Policy
- Tariffs
- Welfare Analysis
- Deadweight Losses
- Optimal Tariffs
- Nontariff Barriers to Trade
- Quotas
- Strategic Trade Policy
- Tariffs and Imperfect Competition

### **Week 11 & 12**

#### **Feenstra and Taylor Chapter 10**

- Export Subsidies
- Production Subsidies
- Applications to Agriculture
- Applications to Technology Industries

**Week 13 & 14****Feenstra and Taylor Chapter 11**

- Preferential Trade Arrangements
- North American Free Trade Agreement (NAFTA)
- The Creation of the WTO
- Regionalism vs. Multilateralism
- Trade and Labor