

2011 SUMMER SESSION

**ECO 364H1F - INTERNATIONAL TRADE THEORY**

**COURSE OUTLINE AND READING ASSIGNMENTS**

(AFC = *Appleyard, Field and Cobb* textbook)

1. The Basis for and the Pattern of International Trade

(a) Technology and the Classical Model

Mercantilism and the Early Classical Challenge: AFC, chap.2

Ricardo and the Theory of Comparative Advantage: AFC, chaps.3, 4(42-50, 52)

(b) Analytical Tools

Indifference Curves and the Production Possibility Curve: AFC, chap.5

General Equilibrium and Offer Curves: AFC, chaps. 6(88-90), 7(104-9, 114-8, 123-3)

(c) Factor Endowments and the Heckscher-Ohlin Model:

AFC, chap.8(126-35)

(d) The Leontief Paradox and Alternative Bases for Trade:

AFC, chaps.6(95-8), 8(140-2), 9(154-60), 10(176-81, 193-7,199-200)

P.T. Ellsworth & J.C. Leith, The International Economy (5th ed., 1975) - pp.107-8, 113-123,  
181-4

H.G. Grubel, International Economics (1977) - pp. 71-83

2. The Effects of International Trade

(a) Trade and Income Distribution in the short run and in the long run:

AFC, chap.8(135-9, 147-9)

(b) Trade and Aggregate Welfare:

AFC, chap.6(90-95)

(c) The Gains from Trade in the Presence of Market Imperfections:

See Lecture Summary Part 2(c)

3. Economic Growth and International Trade

AFC, chap.11

4. The Theory of Commercial Policy

(a) Tariff Theory:

AFC, chaps.13,14(281-4,288-97)

P.R. Krugman & M. Obstfeld, International Economics: Theory and Policy (6<sup>th</sup> ed., 2003) - pp.  
192-198, 223-4

(b) Other Trade Barriers:

AFC chaps.13(260-4),14(285-6)

M. Chacholiades, Principles of International Economics (1980) - pp. 233-4

Krugman & Obstfeld - pp. 200-3, 214-7

(c) Free Trade Areas and Customs Unions:

AFC, chap.17(393-400)