The University of Colorado
Department of Economics
Spring, 1982

Economics 641 International Trade Theory Mr. Markus

Required Text: M. Chacholides, International Trade Theory and Policy

H. Grubel, International Economics

Other Texts: R. Butra, Studies in the Pure Theory of International Trade
J. Bhagwati, Trade, Tariffs, and Growth
R. Caves and R. Jones, World Trade and Payments
R. Findlay, Trade and Specialization
M. Kemp, The Pure Theory of International Trade and Investment
W. Corden, Trade Policy and Economic Welfare
W. Corden, The Theory of Protection
M. Michieley, Theory of Commercial Policy

Economic Journal, March 1964
R. Caves, Trade and Economic Structure
W. Corden, Recent Developments in the Theory of International Trade
Economic Review, March 1960; reprinted in Mundell, International
Economics, Ch. 1-3.

Books of Readings: AEA, Readings in the Theory of International Trade, 1949 (KIT)
AEA, Readings in International Economics, 1968 (KIE)
R. Baldwin, Trade, Growth, and the Balance of Payments
J. Bhagwati, International Trade (B)
J. Bhagwati, et al., Trade, the Balance of Payments, and Growth

Key to readings below: * = Required
**R = Required; on reserve at Norlin
**K = Required; on call at Kinko's

Note: you need not read both Chacholides and Heller, although you may find it helpful to do so.
I. The Pure Theory of International Specialization and Trade

A. Comparative Advantage and Reciprocal Demand
* Charles, Ch. 1-7
* Haier, Ch. 3-5, 6, and appendix
# R. J. Eade, A Geometry of International Trade, Ch. 1-4 and 9
# WTCP, 10 and 11

B. Factor Endowments and International Trade
* Charles, Ch. 2-11
* Haier, Ch. 4 and 7
* P. Samuelson, "International Factor-Price Equalization Once Again," Economic Journal, June 1966 (QJE-2)
* T. Kuczynski, "Factor Endowment and Relative Commodity Prices," Economics, Nov. 1966 (QJE-3)
* R. E. Meckescher, "The Effect of Foreign Trade on the Distribution of Income," EWP-13
* K. Jones, "Factor Proportions and the Heckscher-Ohlin Theorem," Review of Economic Studies, 1956-57 (B-4)

C. "New" Theories of Comparative Advantage
* J. E. Linders, "An Essay on Trade and Transformation, XVI" Ch. 3
* E. Grimaldi, pp. 86-95
D. Empirical Examinations


II. Trade, Commercial Policy, and Welfare

A. Trade and Welfare

* Chachlides, Ch. 15 and 16
* Heller, Ch. 11


B. Theory of Tariffs and Other Trade Control Measures

* Chachlides, Ch. 17-19
* Heller, Ch. 9


W. Corden, Trade Policy and Economic Welfare, Ch. 5, 7


*K. H. Johnson, "Optimum Tariffs and Retaliation," International Trade and Economic Growth, Ch. 2


*K. W. Corden, The Theory of Protection, Ch. 9

W. Corden, The Theory of Protection, Ch. 10

C. Effective Protection

*K. W. Corden, Trade Policy and Economic Welfare, Ch. 13

*D. E. Corden, The Theory of Protection, Ch. 3

Heller, pp. 175-179

D. Distortions and Welfare

* Chachlides, Ch. 20 and 21
Distortions and Welfare (continued)

W. Corden, Trade Policy and Economic Welfare, Ch. 2, 3, and 6-9

E. Customs Unions
* Chacholaides, Ch. 22
* Heller, Ch. 10
J. Vines, The Customs Unions Issue, Ch. 4
J. Meade, The Theory of Customs Unions

III. Other Topics

A. International Factor Movements
*K. W. Corden, Trade Policy and Economic Welfare, Ch. 12

B. Trade and Development
W. Cline, Policy Alternatives for a New International Economic Order, Intro., Ch. 1
I. Little, T. Scitovsky, and M. Scott, Industry and Trade in Some Developing Countries, Ch. 1

C. Monopoly and Trade
W. Corden, Trade Policy and Economic Welfare, Ch. 8

D. Trade and Growth
Chacholaides, Ch. 12-14
Trade and Growth (continued)


E. Trade Under Uncertainty


Grading Policy: 1 Midterm Exam 40%
1 Final Exam 40%
Policy Papers 20%