

**CARLETON UNIVERSITY**  
**Department of Economics**

**ECON 4601 A**  
**International Trade Theory and Policy**

**Instructor: R.A. Brecher**  
**Telephone: 520-2600, extension 3765**  
**Email: richard.brecher@carleton.ca**  
**Office Hours: Wednesdays and Fridays, 12:45 – 2:00 p.m.**  
**Room B852, Loeb Building**

**Winter 2020**

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**PREREQUISITE**

As outlined in the 2019-2020 Undergraduate Calendar, the prerequisite for this course is ECON 2030 with a grade of C- or higher, or ECON 2003 (no longer offered) with a grade of C- or higher.

**TECHNICAL CONTENT**

This course makes extensive use of theoretical and mathematical techniques from ECON 2030, ECON 2020, ECON/MATH 1401 and ECON/MATH 1402.

**EXAMINATIONS**

There will be a take-home mid-term examination (in accordance with the next paragraph), and a three-hour final examination (to be scheduled by the University). In the determination of the overall final grade for the course, the mid-term examination will have a weight of 40%, and the final examination will have a weight of 60%.

Questions for the mid-term examination should be taken from the instructor on February 5 at 4:30 p.m. in class. Answers to the questions must be given to the instructor on February 12 at 2:35 p.m. in class. Answers must be typewritten.

**ACCOMMODATION**

The following website provides information on academic accommodation for pregnancy obligation, religious obligation, students with disabilities, survivors of sexual violence, and student activities: <https://students.carleton.ca/course-outline>.

**TEXTBOOK**

Jagdish N. Bhagwati, Arvind Panagariya and T. N. Srinivasan, *Lectures on International Trade* (Cambridge, MA: MIT Press), second edition, 1998.

## **COURSE OUTLINE AND REQUIRED READING**

### **I. INTRODUCTION**

Bhagwati, Panagariya and Srinivasan, *Lectures on International Trade*, chap. 1.

### **II. DETERMINANTS OF TRADE AND SPECIALIZATION**

Bhagwati, Panagariya and Srinivasan, *Lectures on International Trade*, chaps 2, 3, 5, 6 and 8.

Vernon, Raymond, "International Investment and International Trade in the Product Cycle", *Quarterly Journal of Economics*, Vol. 80, May 1966, pp. 190-207.

### **III. GAINS FROM TRADE AND COMMERCIAL POLICY**

Bhagwati, Panagariya and Srinivasan, *Lectures on International Trade*, chaps. 12, 17-23, 25, 26, 28 and 31.

Brecher, Richard A., "Optimal Commercial Policy for a Minimum-Wage Economy", *Journal of International Economics*, Vol. 4, No. 2, May 1974, pp. 139-149.

### **IV. INTERNATIONAL FACTOR MOBILITY**

Bhagwati, Panagariya and Srinivasan, *Lectures on International Trade*, chaps. 16, 32 and 33.

Mundell, Robert A., *International Economics*, 1968, chap. 6.

Bhagwati, Jagdish, Arvind Panagariya and T. N. Srinivasan, "The Muddles over Outsourcing", *Journal of Economic Perspectives*, Vol. 18, No. 4, Fall 2004, pp. 93-114.

### **V. TRADE, GROWTH AND DEVELOPMENT**

Bhagwati, Panagariya and Srinivasan, *Lectures on International Trade*, chap. 29.

Heller, H. Robert, *International Trade: Theory and Empirical Evidence* (Englewood Cliffs, NJ: Prentice-Hall, Inc.), second edition, 1973, chap. 8.

Findlay, Ronald., "Growth and Development in Trade Models", in Ronald W. Jones and Peter B. Kenen (eds.), *Handbook of International Economics* (Amsterdam: Elsevier Science Publishers B. V.), Vol. 1, 1984, pp. 185-236.