

# Commercial Policy

## I. Meade Diagram: Offer curves

A. *Derivation of the Offer Curve*

B. *Equilibrium*

C. *Tariffs in a General Equilibrium Setting*

1. Symmetry between import and export taxes: Lerner Symmetry

D. *Optimum Tariff*

## II. Production Possibilities Diagram

A. *Small country and large country cases*

## III. Utility Side of the Model

A. *Derivation of Community Indifference Curves*

B. *Consumer Surplus*

## IV. Topics in Commercial Policy

A. *Distortions*

B. *Capital Flight*

C. *Effective Protection*

D. *Equivalence/nonequivalence of tariffs and quotas*

E. *Rent-seeking*

F. *Preferential agreements*

1. Customs unions

2. Free Trade Agreements (NAFTA)

Derivation of the Trade Offer Curve and International Equilibrium





