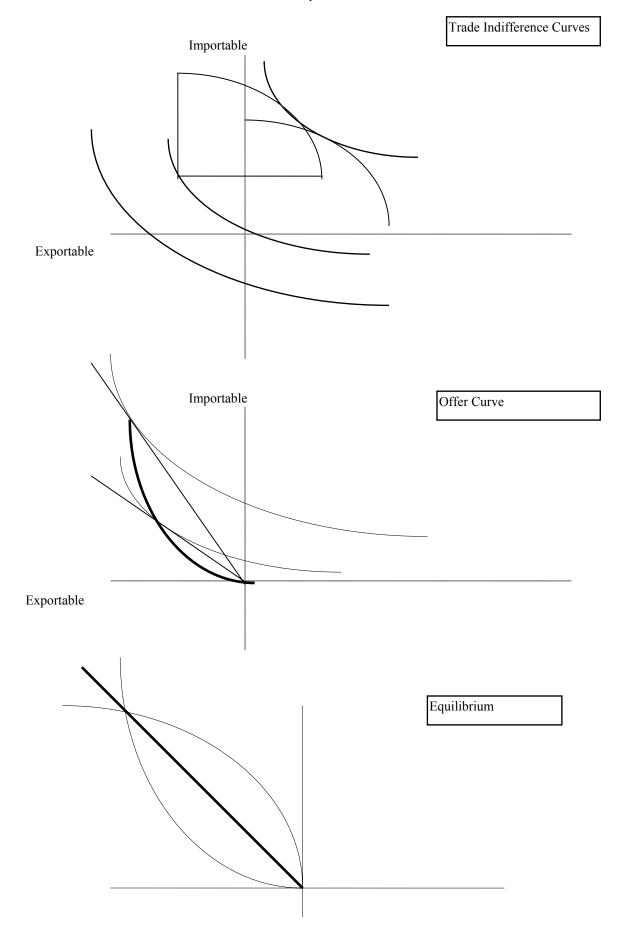
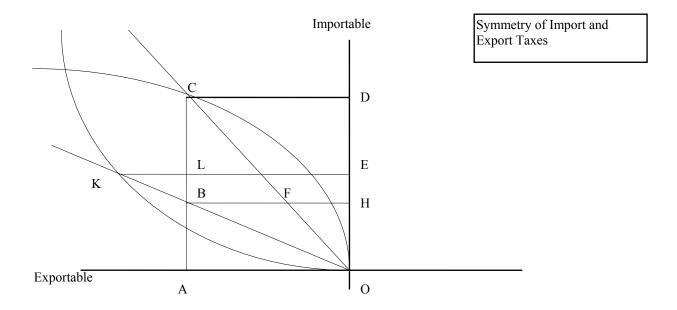
Commercial Policy

- 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



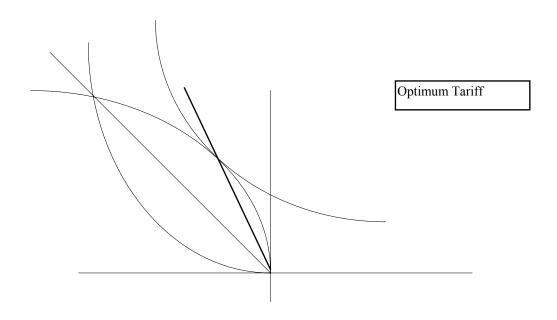


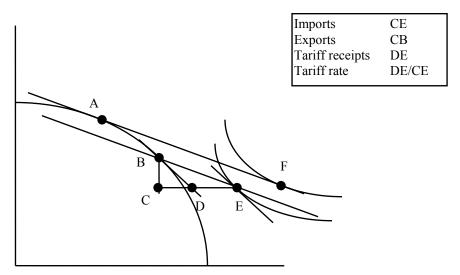
Tax on importable: Foreigners give up OD of M for OA of X

Domestic Residents give up EK of exportable for OE of importable Government consumes CL of importable and KL of exportable

Tariff Rate: BC/AC

Tax on exportable: BF/BH





Large Country Consumption Possibilties

