I. NEOCLASSICAL GE WITH INCREASING RETURNS AND IMPERFECT COMPETITION

A. Neoclassical General Equilibrium with Increasing Returns to Scale


1. Characterization of Production Under IRS


2. Existence with IRS

   a. Marginal Cost Pricing


-B. Cornet (1989). "Existence of Equilibria in Economies with Increasing Returns". Chapter 4 in
b. General Pricing Rules with Bounded Loss


c. Core


3. Optimality with IRS


B. General Equilibrium under Imperfect Competition


1. Objective Demand with Quantity-Setting Firms


Competition". *Etica*; V.45-#1, pp. 101-113.


2. **Objective Demand with Price-Setting Firms**


3. **Imperfect Competition and IRS**


II. **TRADE AND TRADE POLICY WITH INCREASING RETURNS TO SCALE**

A. Economies of Scale, Trade and Trade Policies


1. Trade and Trade Policy with Marshallian External Economies

   a. Production Structure and Basic Theorems

   (1) General Structure of VRS Models

   - B&S, Chapter 21


(2) Stolper-Samuelson and Rybczynski Theorems with VRS


-S. Ylönen (1987). "Factor Demand and Substitution under Decreasing Returns to Scale: An Application to the Rybczynski Theorem". *ScanJE*; V.89-#2, pp.


(3) Trade Patterns and FPE under VRS

-J. Melvin (1968). "Increasing Returns to Scale as a Determinant of Trade". *CJE*; V.2-#3, pp. 389-402. (comment by Henderson, V.5-#2, pp. 293-298)


(4) Stability and Perverse Comparative Static Results


b. Gains from Trade, Welfare and Trade Policy Analysis

(1) Frank Graham's Argument for Protection


(2) Gains from Trade with VRS


(3) Tariffs and Quotas with VRS


(4) Project Analysis for Open Economies with VRS


(5) Trade and Welfare under External Economies with Other Distortions


A. Panagariya (198?). "Increasing Returns and the Specific Factors Model". *SEJ*; V.?-#?, pp. 1-17.


c. International Factor Mobility with VRS


d. Growth and Welfare in Open Economies with VRS


e. Interindustrial Externalities and Trade Policy

-B&S, chapter 18.


2. The Infant Industry Tariff

   a. Dynamic External Economies

   - Corden, Chapter 9


   b. Dynamic Internal Economies and the Infant Industry Argument


  c. Time Inconsistency of the Infant-Industry Protection


  d. Learning-by-doing


-E. Sheshinski (1967). "Optimal Accumulation with Learning by Doing". in K. Shell, Essays on


   e. Empirical Evaluations of the Infant Industry Argument


B. Intra-Industry Trade and the International Division of Labor

1. Intra-Industry Trade

   a. Overviews


b. Gravity Models

(1) Theoretical Foundations?


(2) Econometric Issues


(3) Applications

(a) Trade Patterns


- J. Haveman and D. Hummels (1999). “Alternative Hypotheses and the Volume of Trade:


(b) Policy Distortion


(c) Integration


(d) Trading Potential


(e) Trade and FDI

c. Per Capita Income, Taste Similarity and Trade: The Linder Hypothesis


d. Theoretical Accounts of General Intra-Industry Trade

(1) Monopolistic Competition/Horizontal Differentiation


(2) Competitive Markets/Horizontal Differentiation


(3) Competitive Markets/Vertical Differentiation


(1) Methodological Issues in the Study of Intra-Industry Trade

(1) Categorical Aggregation


(2) Weighting Problems


(3) Trade Imbalance


f. Tests of General Intra-Industry Trade Models

(1) Horizontal Intra-Industry Trade


(2) Vertical Intra-Industry Trade


(3) Intra-Industry FDI and Trade


(4) Trade Similarity and Intra-Industry Specialization


g. Trade Liberalization and IIT

(1) EC/EU


(2) Australia-New Zealand


(3) NAFTA


(4) General Trade Liberalization


(5) South-South Liberalization and IIT


h. Intra-Industry Trade and Economic Adjustment

(1) Methodological Issues: Marginal/Dynamic Intra-Industry Trade


(2) IIT, Industry and Factor-Market Adjustment


2. Trade and Trade Policy with Quality Differentiated Goods

a. Quality Upgrading and the Cost of Protection with Full Information

(1) Fixed Exogenous Qualities


(2) Endogenous Quality


(3) Empirical Evidence


b. Asymmetric Information about Quality

(1) Uninformed Firms


(2) Uninformed Consumers


c. Trade and Trade Policy with Vertical Differentiation

(1) Some Basic Economics of Vertical Product Differentiation


(2) Trade and Trade Policy in Vertical Differentiation Models


3. Trade and Trade Policy under Monopolistic Competition


a. Neo-Hotelling Models of Trade and Trade Policy

(1) Some Basic Economics of Neo-Hotelling Models


(2) Equilibrium, Trade Pattern, and Welfare in Neo-Hotelling Models


(3) Trade Policy in Neo-Hotelling Models


(4) Trade Policy in Spatial Models


b. Neo-Chamberlin Models of Trade and Trade Policy

(1) Some Basic Economics of Neo-Chamberlin Models


Demand”. *AER*; V.77-#?, pp. 647-666.

(2) Equilibrium, Trade Pattern, and Welfare in Neo-Chamberlin Models


(3) Empirical Evaluation


in the Food Processing Sector”. *Applied Economics*; V.26-#?, pp. 159-167.


(4) Trade Policy in Neo-Chamberlin Models


4. Producer Services, External Economies and Decreasing Costs

   a. Static Analysis

      (1) Trade Patterns


- E. Helpman (1985). "International Trade in Differentiated Middle Products". in K. Jungenfelt


(2) Emergent Structure under Multiple Equilibria


(3) Trade Policy


b. Computational Analyses

III. STRATEGIC INTERACTION IN INTERNATIONAL TRADE

A. Trade and Trade Policy with Domestic Market Power

1. Trade Theory with a Domestic Monopolist

   a. Theory of Trade with a Monopolist

   - B&S, Chapter 19


   b. Theory of Trade with Monopsony

   - B&S, Chapter 20


2. Trade Policy with Domestic Market Power

-Corden, Chapter 8


a. Partial Equilibrium Analysis: (Non)Equivalence of Tariffs, Quotas and VERs with Monopoly


-R. McCulloch (1973). "When are a Tariff and a Quota Equivalent?", CJE; V.6-#4, pp. 503-511.


-M. Herander (198?). "The (Non-) Equivalence of Quantitative Restrictions". JEcStud; V.13-#4, pp. 64-73.


pp. 79-82.


b. Economic Effects of Protection with a Domestic Monopolist in GE


c. Optimal Policy with Domestic Market Power


- N. Blattner (1973), "Domestic Competition and Foreign Trade: The Case of Excess Capacity as a Barrier to Entry", *ZfN*; V.33-#?, pp. 403-412.


  d. Analysis of Protection with Free Entry: The Eastman-Stykolt Hypothesis


B. Trade and Trade Policy with Foreign Market Power


  1. **Optimal Response to Foreign Market Power**


2. Optimal Response to Foreign Market Power: Exhaustible Resources


  - E. Maskin and D. Newberry (1990). "Disadvantageous Oil Tariffs and Dynamic Consistency". *AER*; V.80-#1, pp. 143-156.


3. Dumping

   a. The Traditional Analysis: International Price Discrimination

   - Corden, pp. 235-247.


b. Dumping with Market Uncertainty and Adjustment Costs


C. Trade and Trade Policy under Oligopolistic Competition

1. Production Structure and Trade under Oligopolistic Competition


2. Trade Policy with Strategic Oligopolists

   a. Surveys/Overviews


Papers in International Economics, # 17.


b. The Basic Brander-Spencer Model

(1) Optimal Policy for the Exporting Government


(2) Optimal Policy for Importing Governments

c. Cournot Competition without Entry in Segmented Markets


d. Cournot Competition: The Effects of Firm Entry and Market Segmentation


e. Multiple Strategic Sectors and Resource Constraints


f. Cournot Competition under Uncertainty


g. Asymmetric Information and Incentive-Compatible Strategic Trade Policy


- G. Maggi (1998). “A Note on ‘Strategic Trade Policy Design with Asymmetric Information and
Public Contracts”. Review of Economic Studies; V.65-#3, pp. 623-625. [Further analysis by Brainard and Martimort follows, pp. 627-630.]


h. Strategic Trade Policy with Profit-Sharing/Labor-Managed Firms


i. Optimal Response to Strategic Trade Policy with Cournot Competition


**j. Variations in the Strategic Variable and Conjectural Variations**

(1) Conjectural Variation Analysis


(2) Non-CV Analysis


k. Dynamic Models of Inter-Firm Competition


1. Reactive Models of Strategic Trade Policy: Firms Move Before States


3. International R&D Rivalry and Trade Policy


4. Trade Policy and Equilibrium Choice by Strategic Oligopolists


a. Equivalence Arguments with Strategic Oligopoly


b. Strategic Trade and Policy with Vertically Related Firms


**c. Non-Collusive Oligopoly and Trade Policy as a Facilitating Device**


d. Dumping with Learning and Dynamic Competition


128-142.


e. Collusive Oligopoly and Trade Policy as a De-Facilitating Device


-J. Haubrich and V. Lambson (1986). "Dynamic Collusion in an Open Economy". EcLets; V.20-#?, pp. 75-78.


5. "Empirical" Research on Strategic Trade Policy


a. Computable Partial Equilibrium Models


(1) Autos


(2) Aircraft


(3) Steel


(4) Other


b. **Computable General Equilibrium Models**


-S. Devarajan and D. Rodrik (1989). "Trade Liberalization in Developing Countries: Do Imperfect Competition and Scale Economies Matter?". *AER*; V.79-#2, pp. 283-287.


c. Other


**d. Imperfect Competition, Pricing to Market, and Exchange Rate Pass-Through**


  (1) Exchange Rate Pass-Through


(2) Pricing to Market


(3) Exchange Rate Hysteresis


