

# BRIEF CONTENTS

CHAPTER 1  
**The World of International Economics, 1**

---

PART 1

---

THE CLASSICAL THEORY OF TRADE 15

CHAPTER 2  
**Early Trade Theories: Mercantilism and the  
Transition to the Classical World of David Ricardo, 17**

CHAPTER 3  
**The Classical World of David Ricardo and  
Comparative Advantage, 28**

CHAPTER 4  
**Extensions and Tests of the Classical Model  
of Trade, 42**

---

PART 2

---

NEOCLASSICAL TRADE THEORY 65

CHAPTER 5  
**Introduction to Neoclassical Trade Theory: Tools to  
Be Employed, 67**

CHAPTER 6  
**Gains from Trade in Neoclassical Theory, 89**

CHAPTER 7  
**Offer Curves and the Terms of Trade, 105**

CHAPTER 8  
**The Basis for Trade: Factor Endowments and the  
Heckscher-Ohlin Model, 127**

CHAPTER 9  
**Empirical Tests of the Factor Endowments  
Approach, 155**

PART 3

---

ADDITIONAL THEORIES AND  
EXTENSIONS 177

CHAPTER 10  
**Post-Heckscher-Ohlin Theories of Trade and  
Intra-Industry Trade, 179**

CHAPTER 11  
**Economic Growth and International Trade, 209**

CHAPTER 12  
**International Factor Movements, 231**

---

PART 4

---

TRADE POLICY 263

CHAPTER 13  
**The Instruments of Trade Policy, 265**

CHAPTER 14  
**The Impact of Trade Policies, 288**

CHAPTER 15  
**Arguments for Interventionist Trade Policies, 326**

CHAPTER 16  
**Political Economy and U.S. Trade Policy, 365**

CHAPTER 17  
**Economic Integration, 395**

CHAPTER 18  
**International Trade and the Developing  
Countries, 424**

## PART 5

---

 FUNDAMENTALS OF INTERNATIONAL  
 MONETARY ECONOMICS 459

CHAPTER 19  
**The Balance-of-Payments Accounts, 461**

CHAPTER 20  
**The Foreign Exchange Market, 484**

CHAPTER 21  
**International Financial Markets and Instruments:  
 An Introduction, 515**

CHAPTER 22  
**The Monetary and Portfolio Balance Approaches  
 to External Balance, 549**

CHAPTER 23  
**Price Adjustments and Balance-of-Payments  
 Disequilibrium, 579**

CHAPTER 24  
**National Income and the Current Account, 606**

## PART 6

---

 MACROECONOMIC POLICY IN THE OPEN  
 ECONOMY 635

CHAPTER 25  
**Economic Policy in the Open Economy under Fixed  
 Exchange Rates, 637**

CHAPTER 26  
**Economic Policy in the Open Economy under  
 Flexible Exchange Rates, 669**

CHAPTER 27  
**Prices and Output in the Open Economy: Aggregate  
 Supply and Demand, 691**

## PART 7

---

 ISSUES IN WORLD MONETARY  
 ARRANGEMENTS 719

CHAPTER 28  
**Fixed or Flexible Exchange Rates? 721**

CHAPTER 29  
**The International Monetary System: Past, Present,  
 and Future, 748**

**References for Further Reading, 783**

**Photo Credits, 802**

**Index, 803**