

SUBJECT INDEX

- absolute advantage, 330, 333–334
ad valorem, 419
adjustment costs, 226
aggregate consumption, 17
agriculture, 299, 301
alien environment, 368
anti-competitive, 51, 59–60
appreciation, 73, 81
arms race model, 21
attenuation bias, 35
Australia, 445
Australian model, 69
Autarky, 21, 92, 96–99, 102, 104–106,
142–143, 146, 152, 254, 257, 260,
263, 266–272
average cost, 52, 93, 95, 104, 253,
257–259, 272
- backward integration, 50, 56, 61
Bangladesh, 280
bargaining power, 231–232
beggar-thy-neighbor policy, 405
bilateral factor contents, 31
bilateral trade, 23, 27, 29, 31, 44–45,
419–420, 422
Brazil, 277, 318
break even, 98, 289, 294
British Industrial Revolution, 111
budget deficit, 78
burden-sharing, 23
- Canada, 253
capital accumulation, 83, 166, 168–169,
182, 189, 198
capital constraint, 331–333, 335
capital cost, 239
capital intensity, 77, 79, 81, 84–85, 165,
171–172, 185, 189
capital intensive, 15, 21, 22, 147, 149–150,
154, 165, 167–168, 172–173,
178–183, 185, 187–188, 227, 229,
234, 235, 237–240, 303, 339–343
capital labor ratio, 15–18, 22, 77, 81, 83,
150, 154, 167, 173, 177, 179
capital mobility, 226–228, 235, 240, 330,
336–341
capital movements, 330–331, 334,
336–343
capital productivity, 333–334, 343
capital rent, 370
capital subsidy, 229, 240
capitalist, 279, 283, 289
capital–labor ratios, 372
CES preferences, 226
child labour, 275–278, 280–294
China, 318
Cobb–Douglas, 142, 279, 323, 334,
402–403
commodity price equalization, 21
comparative advantage, 25, 49, 53, 59,
69, 98, 100, 103, 221, 226, 230,
330, 333
compensated demand, 145, 400
competition policy, 398, 399, 401–409,
411, 413–414
competitive equilibrium, 301
competitive market, 126, 129
competitive wage rate, 230–232
complementarity, 112, 115, 119–121,
213, 219
complementary competition, 58
complementary industries, 445
composite good, 31, 50–52, 56–57,
59, 142
cone of diversification, 217, 371
constant returns to scale, 15, 20, 28,
92–93, 166, 169, 251, 253–255, 272,
281, 299, 369
consumer surplus, 350, 352, 358, 362, 364
consumption bundle, 419
consumption effect, 419, 423–424
consumption expenditure, 297
contractual frictions, 323–325
convex function, 199
coordination failure, 430, 447
corner solution, 444
Cournot, 22, 52, 368–369, 371–372, 376
Cournot model, 49, 52–53

- Cournot oligopoly, 56
 Cournot's analysis, 53
 Cournot's theorem, 50
 Cournot–Nash fashion, 401
 credit market, 212, 214, 222, 276–277
 credit-constrained, 211–212
 cross price effect, 152
- Deardorff–Helpman, 28–29, 33–34
 Decomposition, 27, 29–30, 36, 84, 234
 defense level, 16
 deficit, 66–67, 70, 82–83, 85, 149
 deflating, 33
 degree of competition, 49, 53, 57
 degree of protection, 221
 degree of substitutability, 120
 degree of substitution, 231
 demand effect, 278, 289–290
 Denmark, 40
 Depreciation, 68, 79, 83
 differentiated products, 50, 347, 350, 352
 diminishing marginal productivity, 230, 299
 diminishing returns, 281
 diseconomies of scale, 53, 59
 disposable income, 348–349
 distributional effects, 329
 distributive share, 231, 237
 distributive share matrix, 127–128, 133–134, 136, 138
 disutility, 348, 362, 364
 division of labor, 431–432
 Dixit–Stiglitz, 254
 Dornbusch–Fischer–Samuelson, 227
 double-counting, 54
 downstream customers, 51
 downstream sector, 399–402, 410
 dual economy, 299–300, 302, 305–307
 duopoly, 368, 373
- economic liberalization, 226
 economic reforms, 226
 economic take-off, 430
 economies of scale, 45, 49–50, 53, 59, 92
 effective tariff rate, 404–408
 efficiency index, 434
 efficiency units, 33
 egalitarian outcome, 220
 elasticity, 209, 299, 305
 elasticity of demand, 52, 55–56, 67, 235, 255
 elasticity of substitution, 114, 116, 118–121, 177, 179, 255
 employment effect, 306–307
- endogenous, 80, 197, 213, 218, 221, 280, 302, 309, 368–369, 372
 envelope condition, 12
 equilibrium trap, 98
 European Union, 417
 excess demand, 99, 114–115
 excess supply, 17–22, 198
 exchange rate, 68–70, 72–73, 75, 77–78, 84–85
 exogenous, 80, 113, 319–320
 expenditure minimizing, 419
 exploitation effect, 346, 352–353
 externalities, 168, 269, 433
- factor abundance, 33
 factor accumulation, 166
 factor content, 45
 factor income, 66
 factor input matrix, 29
 factor intensity, 15, 18, 36, 142–143, 145, 152, 154, 167, 172–177
 factor market distortions, 166, 168–172, 176, 180–182
 factor movements, 13, 329–330
 factor price convergence, 142
 factor price equalization, 21, 28, 38, 41, 141–143, 145–147, 153–155, 167–168, 177, 180–182, 252–253, 269, 272
 factor prices, 28, 33, 113–118, 120–121, 126, 129, 131, 141–143, 145–147, 151, 152, 153, 155, 165–168, 170–173, 175–177, 180–182, 194–197, 199, 201, 232, 234, 236, 237, 301, 368, 371, 373, 375, 376
 factor rewards, 112–118, 120, 122, 125–129, 131, 133, 135–138
 factor service, 27–28, 32–33, 39, 43–44
 factor substitution elasticity, 284–285, 293
 factor taxation, 166, 176, 182
 factor trade, 31
 factor-augmenting, 28
 factor-intensity reversal, 372
 factor-price equalization, 369, 372–373
 First World oasis, 431
 fixed cost, 92, 98, 346, 354, 359–362
 fixed-coefficient production function, 301
 Fleming–Mundell, 68
 flying geese pattern, 432, 446
 foreign capital, 301
 foreign capital inflows, 227, 234, 237
 foreign direct investment (FDI), 225–226, 239, 368, 371–373, 375, 376, 447

- formal sector, 227–231, 234
 forward integration, 52, 56, 61
 fragmentation, 49, 52, 54, 57, 429, 431, 433, 442, 445
 free entry and exit, 368
 free rider problem, 50–51, 56
 free trade, 21, 212, 330, 331, 335–336, 338, 417–426
 free trade agreement, 417–418, 420, 422–426
 full employment, 166, 168, 170, 176, 214, 281–282, 289, 293, 331, 439, 443

 gains from specialization, 26
 gains from trade, 21
 game, 346
 GATT, 430
 GDI, 70–73, 75, 77, 83
 GDP, 66, 69, 71–74, 81, 83, 193, 195, 197, 202, 404
 general equilibrium, 14, 111, 125, 126, 141, 191, 192, 211–214, 217, 221–222, 227–228, 233, 240, 257, 259, 278, 299, 319–320, 325, 330, 399, 433
 Germany, 277
 global integration, 67
 globalization, 65, 77, 345
 governance problems, 50
 government revenue, 298, 301
 government spending, 297

 Hamiltonian, 196, 199
 Harberger triangle, 352
 Harris–Todaro, 298, 307
 Heckscher–Ohlin Subsystem (HOSS), 235, 237–239
 Heckscher–Ohlin, 26, 28, 91, 171, 226, 367–368, 372–373, 376
 Heckscher–Ohlin–Leontief hypothesis, 26
 Heckscher–Ohlin–Samuelson, 14, 16, 68–70, 112, 212, 214, 226, 252–253, 271
 Heckscher–Ohlin–Vanek (HOV)
 measure, 29, 32, 37, 41
 Heterogeneous, 355, 359, 361
 Hicksian elasticity, 80
 Hicks-neutral efficiency difference, 33
 Hicks-neutral fashion, 370
 Hicks-neutral parameter, 33
 Hicks-neutral technical differences, 28
 high-skill, 432
 Hobbesian Problem, 14, 16
 homogeneous, 369, 426
 homogeneous costs, 346
 homogeneous function, 194, 299, 301
 homothetic preferences, 28, 142, 144–145, 154
 homothetic utility function, 15, 19
 homotheticity, 147, 149, 151–152, 156–157, 194
 horizontal integration, 53
 hub–spokes network, 431, 433, 436, 447
 human capital, 192, 193, 199, 205, 212–214, 218, 220–221, 319
 human capital formation, 212–214
 Hummels, 92

 iceberg model, 91
 identical and homothetic preferences, 42, 144
 identical preferences, 28
 IMF, 65
 Immigration, 317–325
 imperfect competition, 25, 367–368
 imperfect substitutes, 255
 import price differential, 424
 import-competing, 227, 230, 298
 income distribution, 77, 80, 85, 211–213, 221–222, 329–331, 339, 343
 income effect, 94
 income inequality, 214, 219
 income tax, 165
 incomplete information, 319
 increasing returns to scale, 251–254, 256, 258–260, 264, 268, 271–272
 indecomposable, 232
 India, 277, 280, 318
 indifference map, 443
 indivisibility, 214
 Indonesia, 280, 431, 432, 441–442, 446–447
 industrial policy, 430, 440, 444, 447
 industrialization, 430, 431, 441, 447
 inelastic, 279
 inelastic demand, 61
 informal sector, 227, 232, 234
 inframarginal, 218
 input coefficients, 287
 input prices, 400
 input–output mix, 81, 82
 interest rate, 363
 inter-industry, 26
 intermediate inputs, 229, 252, 255–256, 265–266, 321, 323
 intermediate products, 69
 intermediate trade, 100
 international outsourcing, 346, 347, 350

- international relations, 13–14
 intertemporal arbitrage condition, 166–168, 181
 intertemporal trade, 67
 intra-industry trade, 25–30, 36–38, 433
 intriligator, 21
 inverse demand function, 370
 inverse price elasticities, 80
 ISDB input–output database, 32
 isocost line, 149
 iso-elastic demand function, 320
- Jacobian, 129–130
 Japan, 398, 405–406, 417
 Journalist, 318
- Kenya, 277
 kernel production function, 299
 Keynesian, 68
 knife-edge case, 444
- labor allocation condition, 443
 labor intensive, 21, 147, 149–150, 154, 167–168, 172–174, 176, 180–181, 185–186, 188, 372, 375–376
 labor productivity, 83–84, 333–334, 339, 438, 439
 labor-abundant, 376
 labour intensity, 232, 281, 287
 labour market imperfection, 227
 labour-intensive, 278, 280, 284
 labour-output ratio, 230, 234
 land-intensive, 229, 237
 large countries, 417–418
 Laspeyres quantity index, 404
 Latin American countries, 240
 law of demand, 145
 learning effect, 445
 legislative, 275–276
 leisure, 399–400, 404
 Lerner index, 402, 404, 408–409, 411, 414
 Liberalization, 417, 427
 Liberalized, 225–227, 240
 Lindahl–Samuelson criterion, 17
 linear homogeneous, 113
 lump-sum tax, 17, 298
- magnification effect, 117, 119, 195, 201, 292
 Malaysia, 431–432, 441–442, 445–447
 Manufacturing, 299–301, 303–305, 307–308
 marginal benefit, 221, 278, 282, 288, 292
 marginal cost, 17, 19, 21–22, 52, 255, 370–371, 400
 marginal product, 82, 177–178, 185, 301
 marginal propensity to consume, 305
 marginal revenue, 349
 marginal utility, 18
 marginal valuation, 17
 marginalization, 57–58
 Marshall stable, 253
 Marshallian adjustment, 260
 Marshallian demand, 144–145
 Marshall–Lerner condition, 99
 matched intra-industry trade, 29–31
 matrix, 80
 merge, 22, 50, 56–58, 61
 Mexico, 227, 240
 Microstate, 418, 420, 423–424
 Migration, 298, 300, 305, 318–319
 missing trade phenomenon, 34
 mobilization, 20
 model of Sanyal, 398
 monopolist, 50, 59, 346, 347, 350
 monopolistic competition, 346, 350
 monopoly, 22, 51, 57
 monotonically increasing, 56, 285–286
 moral hazard, 277
 multi-commodity model, 142
 multi-cone Heckscher–Ohlin model, 28
 multilateral liberalization, 417
 multinational corporations, 432, 439, 441–442, 445–446
 multiple equilibria, 92, 167, 169, 173, 252, 254, 260, 262, 272
 Myint's notion, 264
 mystery of the missing trade, 33, 34
- Nash equilibrium, 16, 23, 399
 Nash pricing, 57
 national defense, 14
 national endowment, 39, 41
 national income, 118, 370–371
 national security, 14–21
 national welfare, 298, 306
 NATO, 14
 negative externalities, 21
 neoclassical, 15, 68, 77, 117, 193, 212, 214
 Nepal, 277
 net factor content, 38
 net factor trade, 30, 32, 35, 39, 41–43, 45
 net trade vector, 35
 Netherlands, 40
 Network, 431, 433, 436–437, 440, 444
 No-FPE, 43–44

- non-traded, 21, 28, 68, 71–73, 75, 78,
 80–82, 166, 168, 170, 180, 227–228,
 240, 398–399
 non-traded input, 228–230, 233
 normal good, 18, 305
 normalize, 33
 Northern countries, 44
 North–North trade, 25–27, 38, 43
 North–South trade, 26–27, 38, 45,
 277, 433
 null hypothesis, 45
 numeraire, 15, 115, 193, 254, 347–348,
 350–351

 OECD, 32, 38, 40, 42–44, 368
 offer curves, 95–97, 101
 oligopolistic, 50, 59
 oligopolistic competition, 58
 oligopoly, 368, 370, 372–374
 openness, 66, 70, 77, 79, 80–81, 83, 85
 opportunistic, 61
 opportunity cost, 276, 282
 optimum tariff, 22
 ordinary least squares estimates, 78
 output mix, 66
 outsourcing, 50, 59, 317–325, 433–436
 own price effect, 152, 159
 own price elasticity, 80

 Pakistan, 277, 280
 panel-data, 368
 paradigm, 25–27, 45
 paradoxes, 26
 Pareto-ranked, 92
 partial equilibrium model, 347
 partial tariff, 398–399, 401–409, 412–413
 partial unilateral disarmament, 23
 pattern of trade, 211, 213, 221, 330,
 342, 343
 pecuniary motives, 291
 penalized, 82
 per capita income, 432, 441
 perceived elasticity of demand, 349
 perfect competition, 50–52, 57, 92, 169,
 231, 301, 350, 400–401
 perfect complements, 120–121
 perfect substitutes, 142
 perfectly competitive, 333

 rate of tariff coverage, 403–407
 reaction functions, 16, 18–20, 22
 real income, 21, 70
 real output, 431
 recession, 232

 relative demand, 330–331, 335–339,
 341–343
 relative price, 16, 21–22, 68, 71–72,
 80–82, 86, 94, 96–99, 112, 117,
 147, 154–155, 165, 169, 176–177,
 180, 182, 256, 305, 330, 334–335,
 337, 339, 341
 relative supply, 335, 337–340
 relative wage, 228–229, 234–235, 252,
 272, 280, 282–283, 285–286,
 288–289, 294
 reminiscent, 303
 renegotiation, 322
 rents, 300, 303, 306, 308, 310–311
 reservation wage, 348, 352–354, 361
 Rest of the World, 42, 44
 returns to scale, 433
 Ricardian case, 100–101
 Ricardian differences, 45
 Ricardian model, 330, 335
 Ricardian technology, 399–401
 Ronald Coase disputes, 61
 Rybczynski effect, 19, 176, 178
 Rybczynski elasticities, 80
 Rybczynski Theorem, 18, 22

 saddle path, 167, 168, 178–181, 186
 saddle-point, 192, 196, 200, 205, 206
 Salter ratio, 72
 scale economies, 26
 schooling, 276, 278–290, 292, 295, 445
 sector-specific input, 331
 security function, 16
 Shephard's Lemma, 129
 sign-pattern restriction, 136–137
 Singapore, 430–432, 439–447
 skill accumulation, 218, 264
 skill formation, 211–213, 216, 218–222
 skill intensity, 252
 skill premium, 212, 252–253, 266,
 269, 271
 skilled, 212–216, 219–221, 223, 226–240,
 252–266, 268–272, 317, 320,
 322–325, 329, 345, 348–349
 skill-intensive, 212–213, 226, 252
 small countries, 417–418, 421, 426–427
 social planner, 346
 Southern countries, 226
 sovereign nations, 14
 specialization, 31, 33, 38, 103, 141–143,
 147–148, 150–151, 167–168,
 170–181, 184–189, 217, 255
 specific factors model, 111–112, 122,
 191–192, 281, 289

- stable equilibria, 237, 260, 262
 Stackelberg optimum, 23
 Stackelberg solution, 22
 STAN input–output database, 32
 stock market, 61–62
 Stolper–Samuelson, 16, 80, 125–126,
 130, 134, 175, 178–179, 213,
 238–239, 253
 Stone–Geary utility function, 402, 412
 sub-industry, 53
 suboptimal, 67
 subsistence, 276, 283, 291
 substitutability, 112, 115, 118–120,
 145, 149
 substitutes, 279, 347, 349
 substitution, 53, 304
 substitution effect, 94, 114, 143–144, 147,
 151–152, 183, 422–423
 substitution elasticities, 121
 superior profits, 58
 supply curve, 277, 282
 supply effect, 278, 290
 Switzerland, 277
- tantonement process, 103–104
 tariff, 91, 225, 252–253, 298, 311,
 397–401, 403–410, 412–413,
 419–426, 430
 tariff-exclusive price, 419, 421–422
 tariff-inclusive price, 421
 tax rates, 368
 taxes, 166–168, 175–177, 182–183, 189
 technical coefficients, 41
 technical progress, 81, 84, 111, 141
 techniques of production, 29
 technological backlog, 436
 technology differences, 38
 technology matrix, 27, 29–30, 32–33, 35
 technology transfers, 429
 terms of trade, 22, 69, 73, 75, 77, 79,
 81–85, 227, 418, 420,
 422–426
 theoretical decomposition, 27
 Third World region, 431
 three stage least squares (I, 3SLS), 78, 80
 Törnqvist chained price index, 71
 total factor productivity (TFP), 77, 84–85
 trade account, 82
 trade balance, 68, 74, 79, 81, 83,
 147–149, 152
 trade barriers, 66
 trade creation, 418, 420
 trade creation effect, 346, 352–353
 trade diversion, 418, 420
 trade diversion effect, 346, 352–353, 364
 trade fragmentation, 227
 trade imbalances, 77, 80, 85
 trade liberalization, 226–227, 252,
 271, 298
 trade of trade, 28
 trade pattern, 340–343
 trade sanction, 275–278, 281, 286–294
 trade unions, 231
 transaction costs, 61
 transitional path, 197
 translog function, 76
 transportation costs, 91–99, 103, 106,
 192, 434–439, 445
 transversality conditions, 188
 trilogy, 432
 tripartite, 432
 trouble-shooting, 432, 437, 439,
 443–444
 t-values, 78
 two sector model, 165–166, 182
 two-factor framework, 28
 two-way trade, 26
- UK, 445
 Unemployment, 78, 226, 298, 301–307,
 311, 345, 351, 353, 362
 unilateral free trade, 418
 unionized labour market, 231
 unionized wage, 230, 232–233
 unit cost, 19, 54, 113, 122, 171–173, 182,
 285, 289, 301, 303
 United States, 29, 78, 80, 82, 85, 317, 417
 Unskilled, 212–216, 218, 220–222,
 226–240, 252–254, 257, 259–265,
 268, 269, 271, 272, 321–324,
 348–350, 352
 upstream sector, 399–402
 urban development, 298, 305–307, 311
 USA, 277
 U-shaped welfare locus, 419, 423
 Utopian solution, 20
- value added, 69, 70, 71, 72, 78, 83, 84
 Vanek-type chain, 41
 Venn diagram, 430
 vent for surplus, 253, 262, 266–267
 vertical competition, 50
 vertical integration, 49, 53, 55–58, 61,
 227, 234–235
 vertical production model, 398
 vertical reservation demand, 443
 Vietnam, 276
 voluntary export restraints, 397

- wage differential, 165, 298, 303
- wage gap, 221, 252–253
- wage inequality, 226–229, 233–234, 237–240, 252–253, 263–267, 269–272, 323–325
- wage inflexibility, 345
- wage premium, 251
- wage rigidity, 352–353, 357
- wage Subsidies, 346, 353
- wage subsidy, 229, 240, 346, 353
- wage-rental ratio, 15, 17, 18, 143, 146, 155, 172, 183, 281
- Walras Law, 97, 99, 146
- Walrasian stability, 103
- welfare, 22, 60, 69, 222, 298–299, 306–308, 311, 346–347, 349–354, 358–359, 361, 398–399, 402, 418–420, 422–426
- welfare effect, 192, 195, 197–198
- welfare function, 16, 18, 23
- welfare improving, 346, 364
- welfare level, 200
- welfare-enhancing, 353
- win-win solution, 430
- worker's surplus, 352, 354, 358, 364
- world endowments, 43
- world trade patterns, 26, 46
- World War II, 14, 399, 409, 431
- WTO, 430, 440, 444, 447
- WTO Doha Round, 418
- Yano–Dei model, 399, 409
- zero costs, 59
- zero profit condition, 166–168, 176, 235, 238, 400–402