

# Table of Contents

<b>List of Abbreviations</b>	<b>IX</b>
<b>Introduction</b>	<b>1</b>
<b>1 The Ricardo–Heckscher–Ohlin Model</b>	<b>7</b>
<b>2 Some Preliminary Problems of International Trade Theory</b>	<b>19</b>
2.1 Factors of production	19
2.1.1 The concept of factor of production	19
2.1.2 What is capital?	22
2.1.3 Knowledge and technology	27
2.2 Goods	28
2.3 Countries, firms and individuals	33
<b>3 Scale Economies</b>	<b>43</b>
<b>4 Imperfect Competition and Product Differentiation</b>	<b>55</b>
<b>5 Technology</b>	<b>65</b>
<b>6 Full Employment</b>	<b>79</b>
6.1 The ‘vent-for-surplus’ theory	81
6.2 Keynes and foreign trade	86
<b>7 Trade Balance Equilibrium</b>	<b>97</b>
7.1 Trade balance re-equilibrating mechanisms	99
7.2 Problems with re-equilibrating mechanisms	104
<b>8 The Return of Absolute Advantage</b>	<b>113</b>
8.1 Adam Smith’s theory of trade and specialization	115
8.2 Recent revival of absolute advantage	125
8.2.1 Keynes’s fundamental statement	125
8.2.2 The rediscovery of absolute advantage	129
8.2.3 Institutional theories	134

<b>9</b>	<b>Power in International Trade</b>	<b>141</b>
9.1	The role of power in economics	141
9.2	The origins of economic power and the reasons for its exclusion from mainstream economics	151
9.3	Imperialism and unequal exchange	161
9.3.1	Theories of imperialism	164
9.3.2	The problem of unequal exchange	168
9.3.3	Lewis's theory	174
9.3.4	Emmanuel's unequal exchange	181
9.4	Changes in economic power asymmetries and conflicts	184
9.4.1	Changes at national level	184
9.4.2	Changes at international level	194
<b>10</b>	<b>The Battle of Standards and Networks</b>	<b>203</b>
10.1	The role of standards	203
10.2	Standards wars	209
10.3	The privatization of standards and the ICT sector	212
10.4	Worries about the giants of the New Economy	220
<b>11</b>	<b>Offshoring, Fragmentation of Production and Global Value Chains</b>	<b>229</b>
11.1	Offshoring, fragmentation and trade in tasks	230
11.1.1	Offshoring	230
11.1.2	The debate on offshoring	237
11.1.3	Gomory and Baumol's and Samuelson's theoretical contributions	246
11.1.4	Fragmentation and trade in tasks	252
11.2	Global value chains	265
11.2.1	Structure and problems of GVCs	265
11.2.2	The progress of empirical research on GVCs and trade in value added	276
11.2.3	The distribution of value added in GVCs	280
11.2.4	The determination of 'fair' labour remuneration	287
<b>12</b>	<b>The Emergence of New Industrial Competitors and Advanced Countries' Response</b>	<b>297</b>
12.1	China's (and other developing countries') economic success	297
12.2	Advanced countries' reaction	303
12.3	Possible responses by advanced countries to changes in trade and technology	312
12.3.1	Compensation and retraining of trade-damaged workers	317
12.3.2	Upgrading through education, skills advancement and R&D	321
12.3.3	Labour (and other) standards	324
12.3.4	Tax harmonization	331
12.3.5	Distribution and redistribution of the national gains from trade and technical progress	337
	<b>Concluding Remarks</b>	<b>357</b>
	<b>Bibliography</b>	<b>365</b>
	<b>Index of Names</b>	<b>401</b>