

The Journal of
**INTERNATIONAL TRADE &
ECONOMIC DEVELOPMENT**

VOLUME 20 NUMBER 6 DECEMBER 2011

CONTENTS

Aid for trade as a public good <i>Chun-Chieh Wang</i>	711
Network externalities, transport costs, and tariffs <i>Kenji Fujiwara</i>	729
Does foreign direct investment really enhance China's regional productivity? <i>Chun-Hung Lin, Chia-Ming Lee and Chih-Hai Yang</i>	741
The factor content of Chinese trade <i>Kathryn G. Marshall</i>	769
International financial integration and real exchange rate long-run dynamics in emerging countries: Some panel evidence <i>Guglielmo Maria Caporale, Thouraya Hadj Amor and Christophe Rault</i>	789
The effects of exchange rate fluctuations on exports: A sectoral analysis for Turkey <i>Nergiz Dincer and Magda Kandil</i>	809
Book review	839

The Journal of INTERNATIONAL TRADE & ECONOMIC DEVELOPMENT

20/6

DECEMBER 2011

The Journal of
**INTERNATIONAL
TRADE
&
ECONOMIC
DEVELOPMENT**

20/6

DECEMBER
2011

 **Routledge**
Taylor & Francis Group



0963-8199(2011)20:6;1-3

 **Routledge**
Taylor & Francis Group

All enquiries concerning the submission of articles, correspondence and other material dealing with editorial matters should be addressed to the following Editor: Professor Pasquale M. Sgro, at the Editorial office address which follows.

Editors:

Professor Pasquale M. Sgro
Deakin Graduate School of Business, Associate Dean (Research), Faculty of Business and Law,
Deakin University, 70 Elgar Road, Burwood, Victoria 3125, Australia
Tel.: +61 3 9244 5245; Fax: +61 3 9244 5533; Email: sgro@deakin.edu.au

North American Editor: Professor David E.A. Giles
Department of Economics, University of Victoria, Victoria BC, Canada V8W 3P5. Tel.: +1 250721
8540; Fax: +1 250721 6214; Email: dgiles@uvic.ca

Professor Bharat R. Hazari
City University of Hong Kong, Hong Kong.
Email: bhazari@gmail.com

European Editor: Professor Charles van Marrewijk
Utrecht School of Economics, Universiteit, Utrecht, Janskerkhof 12, 3512 BL, Utrecht, The
Netherlands. Tel.: +31 10 4081393; Fax: +31 10 4089161; Email: J.G.M.vanMarrewijk@uu.nl

Book Review Editors: Books for review can be sent to either D.E.A. Giles or P.M. Sgro.

Editorial Board

Joshua Aizenman, *University of California*, Santa Cruz, USA
Erdal Atukeren, *KOF Swiss Economic Institute*, Zurich, Switzerland
Christopher Balding, *University of California*, Los Angeles, USA
Hamid Beladi, *University of Texas at San Antonio*, Texas, USA
Jagdish Bhagwati, *Columbia University*, New York, USA
Eric W. Bond, *The Pennsylvania State University*, Philadelphia, USA
Udu Broll, *Dresden University of Technology*, Germany
James H. Cassing, *University of Pittsburgh*, USA
Chi-chur Chao, *Chinese University of Hong Kong*, Hong Kong
Graciela Chichilnisky, *Columbia University*, New York, USA
Judy Clarke, *University of Victoria*, Canada
Brian Copeland, *University of British Columbia*, Vancouver, Canada
Donald R. Davis, *Columbia University*, New York, USA
Padma Desai, *Columbia University*, New York, USA
Yves Flücker, *University of Geneva*, Switzerland
Giancarlo Gandolfo, *Accademia Nazionale dei Lincei*, Rome, Italy
Ira Gang, *Rutgers University*, New Brunswick, USA
David Greenaway, *University of Nottingham*, UK
Arye L. Hillman, *Bar-Ilan University*, Ramat-Gan, Israel
Hong Hwang, *National Taiwan University*, Taipei, Taiwan
Ravi Kanbur, *Cornell University*, Ithaca, New York, USA
Edward E. Leamer, *University of California*, Los Angeles, USA
Wolfgang Mayer, *University of Cincinnati*, Ohio, USA
Carl Mosk, *University of Victoria*, Canada
Arvind Panagariya, *University of Maryland*, Maryland, USA
Prasanta Pattanaik, *University of California*, Riverside, USA
Pascal Raimondos-Moller, *Copenhagen Business School*, Copenhagen, Denmark
Nirvikar Singh, *University of California*, Santa Cruz, USA
Susan E. Skeath, *Wellesley College*, Massachusetts, USA
Arja H. Turunen-Red, *University of New Orleans*, Louisiana, USA
Mehmet Ulubasoglu, *Deakin University*, Victoria, Australia
Anthony J. Venables, *London School of Economics*, UK
Bin Xu, *China Europe International Business School*, Shanghai, China
Kazuhiro Yamamoto, *Osaka University*, Japan
Eden S.H. Yu, *City University*, Hong Kong

Aims & Scope

JITED is a peer-reviewed journal, focuses on international economics, economic development and, more importantly, the interface between trade and development. The links between trade and development economics are critical at a time when both fluctuating commodity prices and trade liberalisation and agreements can radically affect the economies of developing countries.

JITED is designed to meet the needs of international and development economists, economic historians, applied economists and policy makers. The international experts who make up the journal's Editorial Board encourage contributions from economists world-wide.

JITED covers:

- theoretical and applied issues in international and development economics
- econometric applications of trade and/or development issues based on sound theoretical economic models or testing fundamental economic hypotheses
- models of structural change
- trade and development issues of economies in Eastern Europe, Asia and the Pacific area
- papers on specific topics
- review articles on important branches of the literature

Notes for Contributors

All submissions should be made online at the *Journal of International Trade & Economic Development* Manuscript Central site (link to <http://mc.manuscriptcentral.com/rjte>). New users should first create an account. Once a user is logged onto the site submissions should be made via the Author Centre.

Authors should prepare and upload two versions of their manuscript. One should be a complete text, while in the second all document information identifying the author should be removed from files to allow them to be sent anonymously to referees. When uploading files authors will then be able to define the non-anonymous version as 'File not for review'. When submitting your manuscript, please upload all of your original source files.

Submission of a paper to the journal will be taken to imply that it presents original, unpublished work not under consideration for publication elsewhere. By submitting a manuscript, the authors agree that exclusive rights to reproduce and distribute the article have been given to the publishers, including reprints, photographic reproductions, microfilm, or any reproductions of a similar nature, and translations.

1. The submission should include a cover page showing the author's name, the department where the work was done, an address for correspondence, if different, telephone numbers, email address and any acknowledgements.
2. Submissions should be in English, typed in double spacing with wide margins, one side only of the paper, preferably of A4 size. The title, but not the author's name should appear on the first page of the manuscript. Furthermore, to assist objectivity, the author should avoid any reference to him or herself which would enable identification by referees. Articles should normally be as concise as possible and preceded by an abstract of not more than 200 words and a list of up to 6 keywords for on-line searching purposes.
3. Tables and figures should not be inserted in the pages of the manuscript but should be set on separate sheets. They should be numbered consecutively in Arabic numerals with a descriptive caption. The desired position in the text for each table and figure should be indicated in the margin of the manuscript. Permission to reproduce copyright material must be obtained by the authors before submission and any acknowledgements should be included in the typescript or captions as appropriate.
4. Use The Chicago Manual of Style system of referencing which gives the name of the author and the date of publication as a key to the full bibliographical details which are set out in the list of references. When the author's name is mentioned in the text, the date is inserted in parentheses immediately after the name, as in 'Smith (1970)'. When a less direct reference is made to one or more authors, both name and date are bracketed, with the references separated by a semi-colon, as in 'several authors have noted this trend (Smith 1970; Cook 1968; Dobbs 1973)'. When the reference is to a work of dual or multiple authorship, use only surnames of the abbreviated form as in 'Smith and Dobbs (1978)' or 'Jones et al. (1976)'. If an author has two

references published in the same year, add lower case letters after the date to distinguish them, as in 'Smith (1980a, 1980b)'. Always use the minimum number of figures in page numbers, dates, etc., e.g. 22-4, 105-6 (but 112-13 for 'teen' numbers) and 1968-9.

5. Footnotes should be used only where necessary to avoid interrupting the continuity of the text. They should be numbered consecutively using superscript Arabic numerals. They should appear at the end of the main text, immediately before the list of references.
6. Submissions should include a reference list, in alphabetical order, at the end of the article. The content and format should conform to the following examples.

Book:
Kennedy, W.P. 1987. *Industrial structure: Capital markets and the origins of British economic decline*. Cambridge: Cambridge University Press.

Article in Journal:
Chapman, S.D. 1985. British based investment groups before 1914. *The Economic History Review* 38: 230-51.

Edited text:
Davenport-Hines, P.R.T., and G. Jones, eds. 1989. *British business in Asia since 1860*. Cambridge: Cambridge University Press.

Multiple authors:
Green, E., and M. Moss. 1982. *A business of national importance. The Royal Mail Shipping Group 1902-1937*. London: Methuen.

Article in edited volume:
Kitchen, J. 1974. Lawrence Dicksee, depreciation and the double-account system. In *Debits, credits, finance and profits*, ed. H. Edey, and B.S. Yamey, 109-30. London: Sweet & Maxwell.

Unattributed:
The Accountant. 1939. Consolidation: The publication Stock Exchange moves, 25 February, 246.
7. For any other matters of presentation not covered by the above notes, please refer to the usual custom and practice as indicated by the last few issues of the Journal.
8. On acceptance for publication, authors will be requested to provide a copy of their paper in exact accordance with the conventions listed in the preceding notes. If the final version of the paper is *not* submitted in accordance with these conventions then publication may be delayed by the need to return manuscripts to authors for necessary revisions. Authors should note that, following acceptance for publication, they will be required to provide not only a hard copy of the final version, but also a copy on a virus-free disk, preferably in MS-Word format or as a LaTeX file, if possible. Authors sending in a LaTeX file should also supply a pdf version. Authors will also be required to complete a Publishing Agreement form assigning copyright to the Publisher.
9. Page proofs will be sent for correction to a first-named author, unless otherwise requested. The difficulty and expense involved in making amendments at the page proof stage make it essential for authors to prepare their typescript carefully; *any alteration to the original text is strongly discouraged*. Our aim is rapid publication; this will be helped if authors follow the above instructions, and return their page proofs to the editor on the date requested.
10. It is a condition of publication that authors assign copyright or license the publication rights in their articles, including abstracts, to Taylor & Francis. This enables us to ensure full copyright protection and to disseminate the article, and of course the Journal, to the widest possible readership in print and electronic formats as appropriate. Authors retain many rights under the Taylor & Francis rights policies, which can be found at www.informaworld.com/authors_journals_copyright_position. Authors are themselves responsible for obtaining permission to reproduce copyright material from other sources.
11. Corresponding authors will receive free online access to their article through our website (www.informaworld.com) and a complimentary copy of the issue containing their article. Reprints of articles published in this journal can be purchased through Rightslink® when proofs are received or alternatively on our journals website. If you have any queries, please contact our reprints department at reprints@tandf.co.uk.

The book offers advanced and contemporary readings in international trade and economic development, constructed on various fundamental topics that define the realm of this subject. The book brings together many of the issues that are considered staple reading for a course in trade and development, but was previously unavailable in a comprehensive manner. It offers systematic coverage of the relevant and state of the art research in trade and development. This includes detailed analysis of important sub-topics, such as, trade and the labour market, trade and public economics, topics in the theory. Another pillar of economic development is trade in goods and factor inputs. The canonical trade models studied in this course are able to rationalize international linkages between developed and developing countries based on technology or endowment differences. Countries specialize in particular industries where they produce with lower opportunity costs. Fakultät für Wirtschaftswissenschaft Modulbeschreibung – International Trade and Economic Development. Besides growth and trade, the other face of globalization is international migration, which constitutes the subject of the last chapter of the course. Indeed, migration movements represent a recurrent pattern from developing to developed countries.