TRADE, INCOME LEVELS, AND DEPENDENCE

MICHAEL MICHAELY
The Hebrew University of Jerusalem
## CONTENTS

Introduction to the series \hspace{1cm} v

Acknowledgements \hspace{1cm} xi

Preface \hspace{1cm} xiii

### PART 1. TRADE DEPENDENCE: CONCEPTS AND MEASUREMENT

**Chapter 1. Introduction: Dependence – concepts and approach**

1. Dependence: An All-Inclusive Concept 3
2. Forms of Economic Dependence 4
4. Dependence: Components of Vulnerability 7
5. Dependence on Foreign Nations 9
6. The Approach of the Study 10

**Chapter 2. The openness of economies: Gains from trade and size of trade**

1. Relationship of Openness to the Size of Trade 13
2. Tradables, Non-tradables, and Relative Prices 16
3. Intermediate Inputs and Value-Added Adjustment 26

**Chapter 3. Trade structure and the home market**

1. The Shares of Exports in Industrial Activities 35
2. The Shares of Imports in Uses 39
3. Imports of Intermediate and of Final Goods 41

Appendix: Classification of 3-Digit SITC Groups into Intermediate and Final Goods 50

**Chapter 4. Susceptibility: The country in world trade**

1. The Degree of Commodity Concentration 51
2. The Country’s Shares in World Markets 58
PART II. INCOME LEVELS AND TRADE PATTERNS

Chapter 6. Income levels of trade: Concept and measurement
1. An Index of Income Level of Traded Goods
   87
2. Means and Dispersion
   87
3. An Alternative Measure of Income Levels
   93

Chapter 7. Income levels, nature of goods, and trade theories
1. Income Levels in Exports and Imports
   99
2. Income Levels and Attributes of Goods
   99
3. Total-Income Levels of Trade
   102
4. The Income Levels of Trade of Countries
   107

Chapter 8. A time-series profile: Positions in the income ladder
1. Time Series of the Indexes of Income Levels
   111
2. The Degree of Consistency of Relative Positions
   111
3. Trend Movements of Goods in the Income Ladder
   119
Appendix
   121

Chapter 9. The terms of trade between poor and rich nations
1. The Terms-of-Trade Issue
   137
2. Measurement of Terms of Trade through Income Levels:
   The Approach
   137
3. Estimates and Inferences
   141
4. Contrasting Inferences of Alternative Approaches
   143
5. Conclusions
   149
Appendix: The Construction and Reliability of Price Data
   154

Chapter 10. The income level of exports and trade barriers
1. Discrimination in Commercial Policies: A Study through
   Income Levels
   163
## Contents

2. Trade Barriers and Attributes of Goods 167
3. Conclusions 170
Appendix: Sources and Methods for Data on Trade Barriers 171

*Appendix A: Symbols and indexes – a summary table* 177

*Appendix B: The Standard International Trade Classification* 181

References 187

Index 189