PREFACE

This thesis is an attempt to analyse the shift in the trade pattern of the United States of America, over the period 1970-1980. Generally, the shift in the US comparative advantage, over the period under consideration, has been analysed on the basis of the Factor Endowment Theory of International Trade. However, our study makes it clear that this theory, with its assumptions of perfect mobility of goods and constant returns to scale, is inadequate to explain the shift in the production structure and hence the trade pattern of America. The present thesis mainly attempts to show that by introducing a different model, with the new assumptions of positive transport costs and economies of scale, an adequate and satisfying explanation of the shift in the US trade pattern can be presented. More specifically, the vital effects of domestic market expansion on the US trade structure can be fully analysed.

This thesis has been prepared under the supervision of Dr. Ashok Chau, Professor and Head of the Department of International Trade and Development, School of International Studies, Jawaharlal Nehru University. I am deeply indebted to him for his patient and valuable guidance. I have also benefitted immensely from his thoughtful lectures on International Economics, Economic Development and his valuable comments at the departmental seminars. My gratitude to him is indeed beyond words.

I am grateful to Mrs. A. Fatel for her valuable lectures on Mathematics during my pre-Ph.D. course in the School of
International Studies,

I am highly obliged to Dr. M.S. Rajan, former Director of the School and Dr. M.S. Venkataramani, Dean, SIS, for providing required facilities.

I am thankful to the University Grants Commission for awarding me a Junior Research Fellowship for a period of three years. I am also thankful to the School authorities for having granted me a scholarship for a year.

I wish to acknowledge my gratitude to the staff of the Sabru House Library for their assistance. My special thanks are due to Mrs. Asha De and Mr. G. Angari for their assistance as and when required by me.

I am obliged to Mr. A.C. Hebbar, Editor of Publica-
tions, SIS, for his help in preparing footnotes and the bibliography.

I am indebted to T.P. Dhat for his timely help in preparing this work. I am also thankful to Shalna, Himanta, Nancy, K.J. Gobind, V.S. Ani, Vathsala, Rajni, R.L.M. Patil, J.K. Baral, Atuti, G.V. Pathek and P.S. Ghosh.

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