International Review of Applied Economics ›
Volume 30, 2016 - Issue 1

Original Articles

Rational underdevelopment: regional economic disparities under the Heckscher-Ohlin Theorem

Marcus Gumpert

Pages 89-111 | Received 26 Sep 2014, Accepted 14 Jul 2015, Published online: 22 Nov 2015

Cite this article https://doi.org/10.1080/02692171.2015.1074165 Check for updates

Full Article | Figures & data | References | Citations | Metrics

Reprints & Permissions | Read this article

Abstract

This pap
technolo
of this p
elasticiti
underde
with t
endo
laggard.
the tech
region. T
will adop
discuss t
iderations
igration,
es rational
o regions,
nology
technology
introduced,
ally lagging
the laggard
e. We also
e results

show that rational underdevelopment extends beyond wage subsidies to mobile factors and capital. The analysis has implications for economic policies aimed at reducing inter-regional inequality.

Keywords: regional economic disparities | rational underdevelopment | factor mobility | interregional transfers | regional policy | uneven development

JEL Classifications: F10 | F11 | F19 | O10 | O11 | R00 | R10 | R15 | R19 | R20

Disclosure statement

No potential conflict of interest was reported by the author.

Notes

1. Partial specialization in the first period is also possible.

2. Author’s illustration based on Desmet (2002, 902) and Desmet und Ortín (2007, 13).