

Joan Robinson's contribution to international trade theory: the Marshall-Lerner-Robinson theorem

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Krugman's contribution to international trade theory lies on the study of the specialization strategies adopted by countries and the differentiation strategies adopted by firms, taking into account consumers' preference for variety of goods and increasing returns. In his paper entitled "Increasing returns, monopolistic competition and international trade", Krugman (1979: 469) referred to a Chamberlinian monopolistic competition approach. Furthermore, as it is well known in international trade theory, the impact of exchange rate devaluation or depreciation on current account balance depends on the elasticities of substitution between foreign and domestic commodities, which are linked to the price elasticity of demand for each commodity. The equilibrium condition associated with a positive impact on current trade balance is usually referred to the Marshall-Lerner condition instead of the Marshall-Lerner-Robinson condition. It is like Robinson's contribution could be neglected without changing the definition of this condition. This contribution is contained in her essay "Foreign exchange" published in 1937 in her *Essays in the Theory of Employment*, and in "The pure theory of international trade" published in 1946. In this paper, we ask whether her international trade theory is consistent with the principles developed in her *Economics of Imperfect Competition*, published in 1933, and how far it is relevant to modern international trade theory. Firstly, we specify the assumptions and the model underlying the Robinsonian approach. Secondly, we discuss her drawn influences from Marshall (1879, 1923) and from Lerner (1934, 1944). Thirdly, we examine in which extent modern theory is indebted to her contribution (Krugman, 1987).

Key words: *history of economic thought, international trade theory, monopolistic competition, price elasticity, Marshall-Lerner-Robinson's theorem.*

JEL: B27, F41, L22.

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