Trade theory seeks to identify and to measure the determinants of the international trade flows. During the last decades, variables traditionally not included in trade modeling, such as geographical location, transport costs or institutional and cultural issues have became remarkably important rising the necessity to be included in this economic analysis. Institutional distance between a pair of countries appears then as a fundamental variable to be considered in explaining international trade flows.

This paper implements a gravity model to analyze bilateral trade patterns empirically in relation with the institutional aspects. It allows us specifically to investigate the influence of institutions on the commercial patterns for 51 countries from 1996 to 2004. We use indicators on political stability, regulatory quality, and other proxies that reflect de quality of governance for both partners as well as their institutional distance. Those indicators are successively incorporated in the gravity equations. The paper ought to test that institutions and “good governance” matter for international trade. We find that a better quality of institutions, in particular the importer’s institutional quality, promotes remarkably bilateral flows.

The present article has as objective to calculate the intra-industry trade index of Brazil with Mercosur for the products whose relevance in the commerce intra area is expressive. The classification follows the NCM (Common Nomenclature of the Mercosur) and the database is provide by the Secretaria do Comércio
Exterior/Ministério do Desenvolvimento, Indústria e Comércio Exterior (MDIC). The election of the most important industries was based upon the trade during 2003-2005 and the intra-industry trade index was calculated to 1996-2005. Eight industries were chosen: cereals, fuels, chemical products, plastic products, rubber products, nuclear reactors, machines and electric material and vehicles. They had been distinguished with bigger intra-industry trade index between Brazil and Mercosur the groups of products manufactured of plastics and vehicles; and with lesser index of intra-industry trade the groups of products not manufactured of the cereals and the semi manufactured of the fuels.

Gerardo FUJII GAMBERO
“The Labour Logic in the Model of Export Intensive in Non-Qualified Labour. The Case of Mexico”
Revista de Economía Mundial 24, 2010, pp. 67-103

Employment problems in Mexico are reflected in bad quality of many occupations. A key element of the strategy pursued to face them consisted of promoting manufacturing-based export-led growth. After twenty years of following this orientation, employment issues haven’t been solved. This paper argues that Mexico’s participation in world trade, specifically its role in international production sharing system, results in low economic growth, which ceases employment dynamics and the generation of low-quality jobs in the exporting sector, characteristic that spreads towards the rest of the economy.

Juan Antonio CERÓN CRUZ
“Economic Crisis: What Happens with Currencies and Exchange Rates?”
Revista de Economía Mundial 24, 2010, pp. 103-129

Previous to the crisis unleashed in summer of 2007, exchange rates were at the center of the debate across economists focused on international economy. The extreme aggressiveness of the turmoil has hidden these issues. Nonetheless, sooner or later, they will likely return again, even wider. Public bailouts will be debt financed, to some extent in the international markets, adding a new source of volatility.

This paper intends to deal with the relations among exchange rate, the role of currencies and the current crisis management, incorporating recent contributions from the academic field.
Clara GARCÍA FERNÁNDEZ-MURO and Iliana OLIVIÉ ALDASORO
“Where Should Aid Go? Proposal of a Development Index for the International Allocation of Foreign Assistance”
Revista de Economía Mundial 24, 2010, pp. 131-162

The purpose of this study is to establish criteria that could guide the international allocation of a donor’s official development aid. More specifically, this proposal translates into specific allocation criteria the main objectives of aid, as set in the international agenda (specifically, the achievement of the Millennium Development Goals). Thus, this Development Index for the Allocation of International Aid (IDAIA) places special emphasis on necessity criteria (to raise development levels), therefore trying to fill the void left by the selectivity models literature, which places greater emphasis on efficiency criteria.

Nacho ÁLVAREZ and Bibiana MEDIALDEA
“The Influence of Financialization on Corporate Governance: The Role of Institutional Investors”
Revista de Economía Mundial 24, 2010, pp. 165-191

The aim of this paper is to analyze how the financialization of the world economy during the last decades— in particular, the growth and expansion of international financial markets—has modified corporate governance of large non financial companies in OECD countries. To study the influence of international financial markets on corporate governance, we analyze the prominent role achieved by institutional investors, as well as their growing presence on the capital structure of large non financial companies. The massive presence of institutional investors in companies’ capital structure has implied the adoption and extension of corporate governance principles. The adoption of these principles has permitted—by means of the controlling capacity exerted by liquidity— the preeminence of financial objectives within non financial companies.

Antonio CALEIRO
“On the Sychronisation of Elections: The Case of Asymmetric Economies”
Revista de Economía Mundial 24, 2010, pp. 193-212

The paper examines some of the issues related to the synchronisation of election dates between two economies. In particular, it analyses the circumstances in which a government of a single country, considered to be a small economy, has incentives (or not), to synchronise the domestic election dates with the election dates (not necessarily determined in an endogenous way) of a country performing the role of an ‘anchor’, considered to be a large economy. To
achieve this purpose, the paper uses, as an illustration, an asymmetric version of the model in Miller and Salmon (1990) in order to derive the optimal domestic electoral period length, which, in this sense, can be considered to be endogenously determined. The paper then shows how elections should occur in the small economy in order to benefit from the performance of the large economy. As a particularly relevant result it is shown that the incentive to synchronise the election dates depends upon the inflation history of the economies.

Alfredo MACÍAS VÁZQUEZ
“Sustainability Debt in Low Income Countries: Towards a Proposal of Theoretical Framework Based on Structural Analysis”
Revista de Economía Mundial 24, 2010, pp. 213-243

Once developed the multilateral initiatives for the relief of the external debt in the low income countries (HIPC and MDRI), the principal aim will be to prevent a poor country from returning to get into debt too much. To prevent this is not going to be easy. On one hand, these countries are experiencing changes in their external insertion, which involves a series of opportunities and risks. On the other hand, the fact of paying punctually the service of the debt does not imply necessarily that the country supports a sustainable indebtedness. The characterization of a debt as sustainable relates to the analysis of the complex interrelationship of a series of structural factors.

Rafael FERNÁNDEZ SÁNCHEZ and Enrique PALAZUELOS MANSO
“Labour Productivity and Sectorial Structures in European Economies”
Revista de Economía Mundial 24, 2010, pp. 245-268

This paper analyzes the contribution of manufacturing and services to aggregate productivity growth in the European economies during the period 1994-2003. In a context of mediocre demand growth, productivity in services is growing slowly, which in economies increasingly oriented towards services is a strong restriction to the increase in aggregate productivity. On the other hand, manufacturing contributes very significantly to that productivity growth. This is because industry presents better conditions for achieving productivity gains through the expansion of demand. This is confirmed by the empirical analysis whose statistical source is the Groningen Growth and Development Centre, 60-Industry Database (GGDC). This empirical analysis shows a sharp contrast between the style of growth in manufacturing, based on increased productivity, and the services sector, based on increased employment.