

# National competitiveness and absolute advantage in a global economy

Parrinello, Sergio (2006): *National competitiveness and absolute advantage in a global economy*. Published in: Working Paper Dipartimento di Economia Pubblica , Vol. 95, (November 2006): pp. 1-23.



PDF  
MPRA\_paper\_30807.pdf  
[Download \(1MB\)](#) | [Preview](#)

## Abstract

Distinguished trade theorists maintain that a national economy cannot be uncompetitive as a whole, contrary to the frequent statements of many politicians, because a country must possess a comparative advantage in some sector according to Ricardo's principle. In this paper the author argues that such a criticism addressed to the notion of national competitiveness neglects a bottom line of a national economy engaged in a global market. In this context, characterized by free capital movements and possible unemployment, absolute productivity and absolute advantage may prevail over relative productivity and comparative advantage and can affect the competitiveness of all productive sectors of a single country. Such a reappraisal of international equilibrium offers a theoretical foundation to the intuitive idea that national competitiveness can be a source of possible economic conflict among the national members of a global economy. Final version of this working paper : S. Parrinello, "The notion of national competitiveness in a global economy" chapter 4, pp. 49-68, in *Economic Theory and Economic Thought, Essays in Honour of Ian Steedman*, J. Vint, J. Metcalfe, H. Kurz, N. Salvadori and P.A. Samuelson (eds.). London and New York: Routledge, 2010.

**Item Type:** MPRA Paper  
**Original Title:** National competitiveness and absolute advantage in a global economy  
**Language:** English  
**Keywords:** National competitiveness, Globalization, International Trade  
**Subjects:** [F - International Economics](#) > [F1 - Trade](#) > [F15 - Economic Integration](#)  
[F - International Economics](#) > [F1 - Trade](#) > [F10 - General](#)  
[F - International Economics](#) > [F0 - General](#) > [F01 - Global Outlook](#)  
**Item ID:** 30807  
**Depositing User:** [Sergio Parrinello](#)  
**Date Deposited:** 09 May 2011 15:40  
**Last Modified:** 27 Sep 2019 14:30

**References:**  
J. N. Bhagwati, Arvin Panagariya and T.N. Srinivasan, *Lectures on International Trade*, The MIT Press Cambridge, Massachusetts, second edition, 1998.  
R. H. Clarida and Ronald Findlay, "Endogenous Comparative Advantage, Government, and the Pattern of Trade", NBER, working paper n.3813, August 1991  
V. Deardorff, "The General Validity of the Law of Comparative Advantage", *Journal of Political Economy*, 88, (5), 941-57, 1980  
K. Dixit and V. Norman, *Theory of International Trade*, Digswell Place: Cambridge University Press, 1980  
R. Dornbusch, S. Fischer and P.A. Samuelson, "Comparative Advantage, Trade and Payments in a Model with a Continuum of Goods", *American Economic Review*, vol. 67, Dec 1977, pp.823-829.  
W. J. Ethier, "Higher Dimensional Issues in Trade Theory", in Ronald Jones and Peter Kenen eds. , *Handbook of International Economics*, Vol.I, Amsterdam, Elsevier Science, 1984.

G. Gandolfo, "International Trade Theory and Policy", Springer-Verlag Berlin, Heidelberg, New York, 1998.

R. E. Gomory and William J. Baumol, National Trade Conflicts Caused by Productivity Changes, Working Paper n. 98-36, Starr Center for Applied Economics, New York University, November 1998. \_\_\_\_\_ Global Trade and Conflicting National Interests, Cambridge, Mass: MIT Press, 2000.

G. E. Johnson and F. P. Stafford, "International Competition and Real Wages", American Economic Review Papers and Proceedings, 83, 127-130, May 1993. \_\_\_\_\_, "The Hicks Hypotheses, Globalization and the Distribution of Real Wages", Econometric Society Meeting, January 1995.

C. P. Kindleberger, "Government and International Trade", Essays in International Finance, No. 129, July, 1978 23

P. Krugman, "Competitiveness: a Dangerous Obsession", Foreign Affairs, March/April 1994, Vol.73, n.2, 28-44. Replies by Stephen Cohen, Clyde Prestovitz Jr, Rudolf Scharping,

B. Steil, L. C. Thurow; rejoinder by Krugman, Foreign Affairs, July/August 1994. \_\_\_\_\_, "Increasing Returns, Imperfect Competition and the Positive Theory of International Trade, in Gene M. Grossman and Kenneth Rogoff (eds), Handbook of International Economics, Vol. III, Amsterdam: Elsevier Science, 1995.

L. Mainwaring, "A Neo-Ricardian Analysis of International Trade", in Ian Steedman ed., Fundamental Issues in Trade Theory, London, Macmillan, 1979a

A. Marshall, Memorials, edited by A.C. Pigou, 1925, Reprinted of Economic Classics, R.M. Kelley Publ., New York, 1966.

S. Metcalfe and I. Steedman, "Growth and Distribution in a Open Economy", in Fundamental Issues in Trade Theory, in Ian Steedman ed., Fundamental Issues in Trade Theory, 1979a.

\_\_\_\_\_ "On the transformation of theorems", Journal of International Economics, 11: 267-71, 1981.

S. Parrinello, "Introduzione ad una teoria neoricardiana del commercio internazionale", Studi Economici, December, 1970.

\_\_\_\_\_, "Distribuzione, Sviluppo e Commercio Internazionale, Economia Internazionale, 26, (2), maggio 1973, 197-229. Abridged English version reprint in Ian Steedman ed., Fundamental Issues in Trade Theory.

\_\_\_\_\_ "The 'institutional factor' in the theory of international trade: new vs. old trade theories", in Is There Progress in Economics? Knowledge, Truth and the History of Economic Thought, edited by S. Boehm, C. Gehrke, H. Kurz and R. Storn, Edward Elgar, Cheltenham, UK, 2002.

P. A. Samuelson, "Where Ricardo and Mill Rebut and Confirm Arguments of Mainstream Economists Supporting Globalization", Journal of Economic Perspectives, 18, (3), Summer 2004, 135-146.

I. Steedman ed., Fundamental Issues in Trade Theory, London, Macmillan, 1979a \_\_\_\_\_, Trade Amongst Growing Economies, Cambridge, Cambridge University Press, 1979b

I. Steedman and S. Metcalfe, 'On Foreign Trade', Economia Internazionale, 26, (3-4), , 516-28, 1973. Reprint in Ian Steedman ed., Fundamental Issues in Trade Theory,

URI: <https://mpra.ub.uni-muenchen.de/id/eprint/30807>

**All papers reproduced by permission. Reproduction and distribution subject to the approval of the copyright owners.**



View Item

Contact us: [mpra@ub.uni-muenchen.de](mailto:mpra@ub.uni-muenchen.de)

Atom RSS 1.0 RSS 2.0

This repository has been built using [EPrints software](#).

MPRA is a [RePEc](#) service hosted by **Universitätsbibliothek  
Ludwig-Maximilians-Universität München**.