

National competitiveness and absolute advantage in a global economy

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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.

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