

Title: A Political Economy Critique of the Ricardian Comparative Advantage Theory

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Abstract

Carchedi (1986) rightly observes that the theory of international trade is one of the least developed in Marxist economics, which is particularly unfortunate in this era when capitalism is going through some fundamental structural change. The Political economy view will have to pay more attention to international trade if it will ever become a major player in the mainstream intellectual thinking again.

The aim of this paper is to assess the work of a number of political economists - Shaikh, Carchedi and Hudson - on international trade and contribute to this very limited literature by providing an alternative approach. The focus is placed on David Ricardo, the founder of comparative advantage theory. Since Ricardo introduced the comparative advantage theory, it has been modified and developed in various ways. The basic tenets of the theories, however, remained close to Ricardo's original ideas.

This paper first emphasises the ideological origins of Ricardo's theory of comparative advantage. After a brief exposition of the theory, its criticisms from the political economy view are elaborated. It will be argued that even though these critics reduce the relevance of the theory for justifying free trade, they have not been detrimental to its overall validity. This paper will conclude by discussing those weaknesses of the theory that invalidate it as a policy guide for international trade.