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In the economy, the comparative advantage arises when a country can produce good or services at a lower price the possibility of preparing the cost of non-protest is one of the key concepts in the study of the economy and is spread throughout various decision-making processes. The cost of opportunity is the value of the next best alternative foregone conclusion. than in another country. The theory of comparative advantage is attributed to the political economist David Ricardo, who wrote the book Principles of Political Economy and Taxation (1817). Ricardo used the theory of comparative advantages to object to Britain's protectionist corn laws, which restricted wheat imports from 1815 to 1846. In the dispute over free tradeGlobalizationglobalization is the union and interaction of individuals, governments, companies and countries of the world. This was achieved at the expense of the political economist said that countries are better specialized in the fact that they enjoy comparative advantages and import good, in which they do not have comparative advantages. What is the cost of opportunities? To understand the theory behind comparative advantage, it is important to understand the idea of the value of opportunity. Alternative cost is a foregone conclusion of the benefits of choosing one alternative among others. For example, a worker can use one hour of work to produce either 1 cloth or 3 wines. We can think of the cost of opportunity as follows: What is the foregone benefit of choosing to produce one cloth or one wine? Thus: When producing one cloth, the possibility is the cost of 3 wines. Producing one wine, the cost of opportunity is 1/3 cloth.Comparative Advantage and free trade advantage is a key principle in international trade and forms the basis of why free trade is beneficial to countries. The theory of comparative advantages shows that even if a country has an absolute advantage in the production of goodsNormal goods Abnormal goods are a type of goods, the demand for which shows a direct link with consumer income. This means that the demand for such goods is increasing with, trade can still be beneficial for both trading partners. Case study: Comparative AdvantageConsider of two countries (France and the United States) that use LaborLabor Force KPI How can we control the workforce? Governments and economists typically cite the three key performance indicators (KPIs) for assessing the country's workforce as a contribution to the production of two commodities: wine and fabric. In France, one hour of labor can produce either 5 fabrics or 10 wines. In the U.S., one hour of labor can produce either 20 fabrics or 20 wines. The information provided is illustrated as follows: that the United States enjoys an absolute advantage in the production of fabric and wine. With one working hour, the worker can produce either 20 fabrics or 20 wines in united United compared to 5 French fabrics or 10 wines. The United States has an absolute advantage in the production of fabric and wine. To determine the comparative advantages of France and the United States, we must first determine the cost of opportunity for each output:France: Opportunity cost 1 cloth and 2 wineOpportunity cost 1 wine 1/2 clothThe United States: Opportunity cost 1 cloth 1 wine Preparing 1 wine 1 clothWhen comparing the possible cost of 1 cloth for France and the United States, we see that the cost of the possibilities of fabric is lower in the United States. Thus, the United States enjoys comparative advantages in the production of fabric. Also, when comparing the possible value of 1 wine for France and the United States, we see that the cost of a possible wine is lower in France. Thus, France enjoys comparative advantages in the production of wine.Comparative Advantage and its advantages in free trade How to determine the comparative advantages of helping each country in understanding its advantages in free trade? First, let's say that the maximum number of working hours is 100 hours. In France: If all working hours went for wine, 1000 barrels of wine could be produced. If all working hours went into the fabric, it would be possible to make 500 pieces of fabric. In the United States: If all working hours went to wine, 2,000 barrels of wine could be produced. If all working hours went into the fabric, it would be possible to make 2000 pieces of fabric. Following Ricardo's theory of comparative advantages in free trade, if each country specializes in the fact that they enjoy comparative advantages and import other goods, they will be better. Recall that:France enjoys a comparative advantage in wine. The United States has a comparative advantage in the fabric. In France, the country specializes in wine and produces 1000 barrels. Recall that the cost of 1 barrel of wine in the U.S. is 1 piece of cloth. Thus, the United States will be open to taking trade 1 wine to 1 piece of cloth. Potential trade benefits for Europe specializing in wine are represented by arrows: In the United States, the country specializes in fabrics and produces 2,000 pieces. Recall that the possibility of the cost of 1 piece of cloth in France is 2 barrels of wine. Thus, France will be open to making trade 1 cloth for up to 2 barrels of wine. The potential benefits of trade for the United States, specializing in fabrics, are represented by the arrow: Therefore, using the theory of comparative advantages, a country that specializes in its comparative advantages in free trade is able to realize higher benefits from production by exporting goods in which they enjoy comparative advantages, and importing the goods in which they suffer from Lack. Related ReadingsCFI is the official provider of global financial modeling modeling Analyst (FMVA)™FMVA® CertificationJoin 350 600 students who work for companies such as Amazon, JP Morgan and Ferrari certification program designed to help anyone become a world-class financial analyst. To continue to advance your career, the additional CFI resources below will be useful: The absolute advantage of the Absolute AdvantageIn economy, the absolute advantage relates to the ability of any economic agent, or individual or group, to produce more product than its competitors. Presented by Scottish economist Adam Smith in his 1776 paper The Inquiry into the Nature and Causes of The Wealth of Nations, the aggregated supply and demand aggregate refers to the concept of supply and demand, but applies on a macroeconomic scale. The aggregate supply and demand and aggregate demand are both built at the country's total price level and on the total number of goods and services exchanged. Pareto EfficiencyPareto Efficiency, a concept widely used in the economy, is an economic situation in which it is impossible to make one side better without making the other side worse. (Definici'an de comparative advantage del Cambridge Business English Dictionary © Cambridge University Press) The Comparative Advantage Act describes how in a free trade environment an agent will produce more and consume less good, for which they have comparative advantages. In the economic model, agents have a comparative advantage over others in the production of a certain commodity if they can produce, which is good at a lower relative cost of opportunity or autark price, i.e. at a lower relative value limit before trade. The comparative advantage describes the economic reality of the benefits of work for individuals, firms or countries that arise from differences in their factor endowments or technological advances. (You should not compare the cost of production or even the cost of production (labor required per unit of production) of production. that if two countries capable of producing two commodities participate in the free market, each country will increase its total consumption by exporting goods for which it has comparative Importing other other Countries. Ricardo's theory, which is considered one of the most powerful but illogical but illogical, suggests that comparative advantages, rather than an absolute advantage, are responsible for much of international trade. The classic theory and formulation of David Ricardo Adam Smith first referred to the concept of absolute advantage as the basis for international trade in 1776, in the Wealth of Nations: If a foreign country can supply us with goods cheaper than we ourselves can do it, it is better to buy it from them with some part of the products of our own industry, used in a way in which we have some advantage. The overall industry of the country, being always proportional to the capital that uses it, thus will not be reduced, but only left to learn how it can be used with the greatest advantage. Writing a few decades after Smith in 1808, Robert Torrance formulated a preliminary definition of comparative advantage as a loss from the closing of the trade: I would like to know the extent of the advantage that arises in England, from it giving France a hundred pounds of broad clothing, in exchange for a hundred pounds of lace, I take the amount of lace that it acquired as a result of this transaction, and compare it to the amount that it could, at the same expense of labor and capital, acquired at the same expense. The lace that remains, for what work and capital used on the fabric, perhaps fabricated at home, is the amount of advantage that England gets from sharing. David Ricardo In 1817, David Ricardo published in his book The Principles of Political Economy and Taxation such a theory of comparative advantages. The example of Ricardo Graphic, illustrating the example of Ricardo: In case I (diamonds), each country spends 3,600 hours to produce a mixture of fabric and wine. In the case of II (squares), each country specializes in its comparative advantages, which leads to an increase in total production. In a well-known example, Ricardo looks at the world economy, consisting of two countries, Portugal and England, each producing two products of the same quality. In Portugal, a priori more efficient country, it is possible to produce wine and fabric with less difficulty than is required to produce the same quantities in England. However, the relative costs or cost rating of the two products vary between countries. The hours of work required to produce one unit of ProduceCountry Cloth Wine England 100 120 Portugal 90 80 In this illustration England could devote 100 hours of labor to the production of one unit of fabric or the production of 5/6 units of wine. Meanwhile, for comparison, Portugal can perform 90 hours of labor to produce one unit of fabric, or produce 9/8 units of wine. Thus, Portugal absolute advantage in fabric production due to the smaller workforce but England has a comparative advantage in fabric production because of the lower cost of the possibilities. In other words, if it is cheaper for a country to produce one product relative to the other, they will have a comparative advantage and an incentive to produce more of the benefit that is relatively cheaper for them to produce than others, assuming that they have a better opportunity to trade in the market for others, it is more difficult to produce goods. Similarly, most of those who should take the opportunity to offer the market good, which they have a relative advantage in production. In the absence of trade, England requires 220 hours of work on how to produce and consume one unit of cloth and wine while Portugal requires 170 hours of work to produce and consume the same amount. England is more efficient in the production of fabric than wine, and Portugal is more effective in producing wine than fabric. Thus, if each country specializes in the good, for which it has a comparative advantage, then the global production of both goods increases, for England can spend 220 working hours to produce 2.2 units of fabric while Portugal can spend 170 hours to produce 2.125 units of wine. In addition, if both countries specialize in the above order and England trades a unit of its fabric for 5/6 to 9/8 units of Portugal wine, then both countries can consume at least one of each of the fabric and wine, from 0 to 0.2 units of fabric and 0 to 0.125 units of wine remaining in each relevant country, which will be consumed or exported. Consequently, both England and Portugal can consume more wine and fabric in free trade than in autarki. Ricardian model Ricarda is a common equilibrium mathematical model of international trade. Although the idea of the Riccardian model was first presented in the Income Essay (single-food version) and then in the Principles (multi-commodity version) by David Ricardo, the first mathematical model of the Ricardian was published by William Wewell in 1833. The earliest test of the Ricardian model was conducted by G.D.A MacDougall, which was published in the Economic Journal of 1951 and 1952. In the Ricardian model, trading depends on performance differences. Below is a typical modern interpretation of the classic Ricardan model. In the interest of simplicity, it uses notations and definitions, such as the cost of features not available to Ricardo. The world economy consists of two countries, domestic and foreign, that produce wine and fabric. Labor, the only factor of production, is mobile domestically, but not internationally; there may be migration between sectors, but not between countries. We designate the workforce in the House L displaystyle textstyle L labor required to produce one unit of wine in the house by L W displaystyle textstyle a\_ LW , and the amount of labor required to produce one unit of the unit in the House by L C display style a\_ LC . The total amount of wine and fabric produced at home is Q\_ (W) and C (display Q\_ ) respectively. We designate the same variables for foreign ones, entitling the prime minister. For example, L W displaystyle textstyle a' LW is the amount of manpower needed to produce a unit of wine in a foreign language. We don't know if a home is more productive than a foreign in making fabrics. That is, we don't know that L C 'It; L C display a\_ 'LK' 'ItIt'LT'OC. Similarly, we do not know if the house has an absolute advantage in wine. However, we'll assume that the main one is more relatively productive in the fabric than the foreign one: L C/L C qIt; L W/L W. Display style a\_ LC/a'LT;a\_ LW/a'LW. Similarly, we can assume that the main has a comparative advantage in fabric in the sense that it has a lower cost of opportunity for fabric in terms of wine than foreign: L C/L W qIt; L C/L W . Display a\_LK/a\_ LW In the absence of trade, the relative price of fabric and wine in each country is determined solely by the relative cost of the goods' labour force. Thus, the relative autark price of fabric is L C/L W display style a\_ LC/a\_ LW in-house and L C/L W displaystyle a' LC/a'LW in foreign. With free trade, the price of fabric or wine in any country is the world price of P C display style P\_ C or P W display P\_ 'W W' W . Instead of looking at the global demand (or supply) for fabric and wine, we are interested in the global relative demand (or relative supply) for fabric and wine, which we define as the ratio of global demand (or supply) for fabric to global demand (or supply) for wine. In general equilibrium, the global relative price of the P C/P W display (textstyle P\_ C)/P\_ W will be determined unequivocally by the intersection of global relative demand R D (R DISPLAY) and the global relative supply R S (RS text display style). The demand for fabric relative to wine decreases with the relative price of the fabric in terms of wine; The supply of R S (RS display) fabric in relation to wine increases with relative price. For illustrative purposes, two relative demand curves R D 1 (display RD\_{1}) and R D 2 RD\_{2} displaystyle are drawn. We assume that the relative demand curve reflects the substitution effect and decreases relative to the relative price. The behaviour of the relative sentence curve, however, requires more careful consideration. Recalling our initial assumption that Home has a comparative advantage in fabrics, we consider five possibilities for the relative amount of fabric supplied at this price. If P C/P W - L C/L W qIt; L C/L W (s displaystyle P\_ C/P\_ 'W a\_ -LC/a\_ 'LW'It'a'LC'/a'LW' , foreign on the fault, for the salary of P W / L' LW , then foreign specializes in wine, for wages P W / L L in the wine sector more than the salary P C /L C display P 'C 'a'LC' in the fabric sector. However, domestic workers are indifferent to work in any sector. As a result, the amount of fabric supplied can have any value. If P C/P W zIt; L C/L W qIt; L C/L W display style P\_ C/P\_ W a\_ LC/a\_ LW If L C/L W zIt; P C/P W qIt; L C/L W display style a\_ LK/a\_ LW P\_ C/P\_ W q 'It'It'/a'LW, then Home specializes in fabrics while a foreign specializes in wine. The amount of fabric supplied is given by the ratio of L/A L L/L L W displaystyle textstyle textstyle frac{L/a\_ LC'L'L'It's world-made fabric to the world production of wine. If L C/L W qIt; L C/L W qIt; P C/P W displaystyle text style a\_ LK/a\_ LW 'L'LT'""ItIt;P\_ 'C'/P\_ 'W, then both Home and Foreign specialize in fabric. The amount of fabric supplied tends to be infinite, as the amount of wine supplied is approaching zero. If L C/L W qIt; L C/L W - P C/P W displaystyle (text style a\_ LK) / a\_ LW'It;a'LWP\_ 'C'/P\_ 'W, then Home specializes in fabrics while foreign workers are indifferent between sectors. Again, the relative amount of fabric supplied can make any difference. The Blue Triangle depicts the original production (and consumer) capabilities of the House. By trading, the house can also consume packs in the pink triangle despite facing the same production possibility border. As long as relative demand is finite, the relative price is always limited to the inequality of L C/L W ≤ P/P W ≤ L C/L W. Display-style a\_LK/a\_ LWleq (P\_C/P\_W leq (a'LC)/a'LW. In Avtarki, Home faces a production restriction of the form L C q C and L W ≤ L , display style a\_ LC Q\_ Ca\_ LW Q\_ W leq L, which follows, that the consumption of fabric at home on the border of production capacity is C - L /L C (L W/L C ) (W (display Q\_ 'C'L/a\_ -LC) - (a\_ Q\_ a\_ When free trade Home produces exclusively the fabric, the volume of which it exports in exchange Thus, the total consumption of the House is currently subject to the restriction of L C q C and L C (P W/P C a\_ Q\_ a\_ ≤) LPC (P\_ WE/P\_ JC) Q\_ Valek L While its fabric consumption at the border of consumption opportunities is given to q C and L/L C (P W/P C) W ≥ L/L C (L W/L C) W display style Q\_ CL/a\_ LC -- (P\_ P\_ ) Q\_ Va-Heck L/a\_ LK -- (a\_ LW/a\_ LC) Q\_ . A symmetrical argument takes place for foreign ones. Thus, by trading and specializing in the good, for which it has a comparative advantage, each country can Possibilities. Consumers can choose from reams of wine and fabric that they cannot produce themselves in closed countries. Terms of trade Terms of Trade Terms is a rate at which one good can be sold after another. If both countries specialize in the good for which they have comparative advantages,

then trade, terms of trade for the benefit (which benefits both sides) will fall between each organization's ability to spend. In the example above, one piece of fabric will be traded between 5 6 units of wine {5}{6} and 9 units of frac {9}{8} wine and 9 8 units of wine. The cost of Haber's ability in 1930, Gottfried Haberler, separated the doctrine of comparative advantages from Ricardo's labor cost theory and provided a modern formula for opportunity and cost. The reformulation of The Comparative Advantages by Hagellir revolutionized the theory of international trade and laid the conceptual basis for modern trade theories. Haber's innovation was to reformulate the theory of comparative advantage in such a way that the value of a good X is measured in terms of the bygone units producing a good Y, rather than the labor units needed to produce a good X, as in the Ricardian formula. Haberler has implemented this comparative advantage formula with the ability to create opportunities for opportunities for opportunities in international trade. Modern theories Since 1817 economists have tried to generalize the model of the Ricardian and get the principle of comparative advantages in a broader context, especially in the neoclassical specific factors Ricardo-Iner (which allows the model to include more factors than just labor) and the ratio of proportion of Heckscher-Ohlin models. Subsequent changes in the new theory of trade, partly motivated by the empirical flaws of the H-O model and its inability to explain intra-in-arms trading, have become an explanation of aspects of trade that are not taken into account by comparative advantages. However, economists such as Alan Deardorf, Avinash Dixit, Gottfried Haberler and Victor D. Norman responded by weaker generalizations of the principle of comparative advantages, in which countries would seek to export only goods for which they have comparative advantages. The Dornbusch et al. Product Development Continuum in ricardian and H-O models, the theory of comparative advantages is formulated for the case of two countries/2 products. It can be extended to 2 countries/many commodities case, or many country/2 case goods. Adding goods in order to have a smooth continuum of goods is a basic understanding of the seminal paper Dornbush, Fisher, and Samuelson. In fact, the inclusion of an increasing number of products in the chain of comparative advantage makes the gap between labour requirements ratios insignificant, case three types of equilibrium around any good in the original model collapse to the same result. This includes transport costs, in particular, although the framework is still limited to two countries. But in the case of many countries (more than 3 countries) and many commodities (more than 3 commodities), the concept of comparative advantages requires much more complex formulation. Deardorff's General Law on comparative advantages of the Comparative Advantage Skeptics stressed that its theoretical effects are unlikely to occur when applied to individual commodities or pairs of commodities in the world of numerous commodities. Deardorff argues that the ideas of comparative advantage remain valid if the theory is overworked in terms of averages for all commodities. Its models provide ample information about the relationship between trading vectors and vectors with relative-autark-price indicators of comparative advantage. What has come to be known as deardorff's General Comparative Advantage Act is a multi-commodity model that takes into account tariffs, transportation costs and other barriers to trade. Alternative approaches Recently, Y. Shiozawa has managed to build a theory of international value in the tradition of Ricardo cost production value theory. This was based on a wide range of assumptions: Many countries; Many commodities; Several methods of product production in the country; Entry trade (intermediate goods are freely traded); Durable goods with constant efficiency over a predetermined lifespan; No transport costs (extends to positive cases of cost). In a famous comment, McKenzie said the timing of the review would convince one that Lancashire would be unlikely to produce cotton cloth if cotton was to be grown in England. However, Mackenzie and later researchers were unable to create a general theory that included traded inputs due to mathematical difficulties. As John Chipman points out, Mackenzie has found that the introduction of intermediate product trading requires fundamental changes in classical analysis. Long-term capital goods, such as machines and installations, are the entrances to production in the same name as part and ingredients. Given the new theory of the physical criterion, there is no such thing as a physical criterion. Deardorff considers 10 definition options in two groups, but cannot give a general formula for intermediate product cases. Competitive models are determined by the tests of traders to find the cheapest products in the world. The search for a cheap product is achieved at the expense of the world's optimal purchases. Thus, the new theory explains how global supply chains are formed. An empirical approach to comparative advantage benefits are a theory about the benefits, the benefits and trade will bring rather than a strict prognosis of actual behavior. (In practice, governments restrict international trade for a variety of reasons; according to Ulysses S. Grant, the U.S. has postponed the opening to free trade until their industries are in force, following the example previously given by the UK. that technological differences in countries lead to differences in productivity. Differences in productivity, in turn, determine the comparative advantages in different countries. Testing the Ricardan model, for example, involves finding a relationship between relative productivity and international trade structures. A country that is relatively efficient in the production of footwear tends to export shoes. Direct test: Japan's natural experiment to assess the validity of comparative advantages on a global scale by example of the modern economy is analytically complex because of the many factors driving globalization: indeed, investment, migration and technological change play a role in addition to trade. Even if we could isolate open trade from other processes, its causality also remains difficult: it will require comparison with a non-open trade counter-factual world. Given the longevity of various aspects of globalization, it is difficult to assess the single impact of open trade on a particular economy. Daniel Bernhofen and John Brown tried to solve this problem by using a natural experiment of sudden transition to open trade in a market economy. They are focused on the case of Japan. The Japanese economy did develop for several centuries under autarkia and quasi-isolation from international trade, but by the mid-19th century it was a complex market economy with a population of 30 million people. Under pressure from the Western military, Japan opened its economy to foreign trade through a series of unequal treaties. In 1859, the treaties limited tariffs to 5% and opened trade to Westerners. Given that the transition from autarky, or self-sufficiency, to open trade was brutal, in the first 20 years of trade there was little change in the fundamentals of the economy. The General Comparative Advantage Act stipulates that the economy should, on average, export goods with low self-sufficiency prices and import goods with high self-sufficiency prices. Bernhofen and Brown found that by 1869, the prices of Japan's main exports, silk and derivatives, had risen by 100% in real terms, while for numerous imported goods decreased by 30-75%. In the next decade, the import-to-gross domestic product ratio reached 4 per cent. [33] [33] Another important way to demonstrate the validity of comparative advantage is to approach structural assessment. These approaches are based on the Ricardian formulation of two products for the two countries and subsequent models with a large number of goods or many countries. The aim was to achieve language, taking into account both a few products and several countries, in order to better reflect the real conditions. Jonathan Eaton and Samuel Courtum stressed that a convincing model for both products and countries is needed to incorporate the idea of a continuum of goods developed by Dornbusch et al. They were able to do so by allowing an arbitrary (more important) number of countries, and dealing solely with specific labour requirements for each benefit (one for each item at the unit interval) in each country (of which there is i). The earlier empirical work of two of the first comparative benefit tests was MacDougall (1951, 1952). The forecast of the two Ricardian countries of the comparative advantage of the model is that countries will export goods where output per worker (i.e. productivity) is higher. That is, we expect a positive relationship between the volume of production per worker and the number of exports. McDougall checked this link with data from the US and UK, and really found a positive relationship. The statistical test of this positive attitude was replicated with the new data of Stern (1962) and Balassa (1963). Dosi et al. (1988) conducts empirical examinations that show that international trade in manufactured goods is largely due to differences in national technological competencies. One criticism of the textbook model of comparative advantage is that there are only two products. The results of the model are reliable for this assumption. Dornbusch et al. (1977) realized the theory to allow such a large number of goods to form a smooth continuum. Based in part on these model generalizations, Davis (1995) presents a later look at the Ricardian approach to explaining trade between countries with similar resources. More recently, Golub and Xie (2000) present a modern statistical analysis of the relationship between relative performance and trading models, which finds fairly strong correlations, and Nunn (2007) believes that countries that have a wider performance of contracts specialize in goods that require specific investments. From a broader perspective, it was working on the benefits of international trade. Simring and Etkes (2014) believe that the blockade of the Gaza Strip, which significantly limited the availability of imports to Gaza, led to a 20% drop in productivity in three years. Markusen et al. (1994) reports on the consequences from autarky to free trade during the Meiji Restoration, resulting in national 65% in 15 years. Development Economics This section does not cite any sources. Please help improve this section by adding links to reliable sources. Non-sources of materials can be challenged and removed. (April 2020) (Learn how and when to remove this message template) The theory of comparative advantages and the consequence that countries should specialize, criticized on pragmatic grounds within the theory of import substitution industrialization of the development economy, on empirical grounds by the thesis of Singer-Prebisch, which states that the terms of trade between the main producers and industrial goods deteriorate over time, as well as on the theoretical grounds of the infant industry and Keynesian economy. In older economic terms, mercantilism and economic nationalism were opposed to comparative advantage. Instead, they argue that while the country may initially be at a relatively disadvantage in the industry (e.g. Japanese cars in the 1950s), countries should take cover and invest in industry until they become globally competitive. In addition, they argue that comparative advantage is said to be a static theory - it does not take into account the possibility of changing benefits through investment or economic development, and thus does not provide guidance for long-term economic development. Much has been written since Ricardo's trade and cross-border trade became more complex. Today, trade policy tends to be more focused on competitive advantage than on comparative advantage. One of the most in-depth studies on competitive advantage was conducted in the 1980s as part of the Reagan administration's Socrates project to lay the groundwork for a technology-based competitive strategy system that could be used to guide international trade policy. Criticism Of several arguments were put forward against the use of comparative advantages as an excuse for promoting free trade, and they gained an audience among economists. For example, James Brander and Barbara Spencer have demonstrated how, in a strategic environment where several firms compete for the global market, export subsidies and import restrictions can deter foreign firms from competing with national firms, boosting the country's well-being by implementing this so-called strategic trade policy. However, the overwhelming consensus of the economics profession remains that while these arguments against comparative advantages are theoretically valid under certain conditions or assumptions, these assumptions usually do not hold. Thus, these arguments should not be used to guide Policy. Gregory Mankiv, chairman of Harvard Economics, said: Few proposals generate as much consensus among professional economists as open world trade increases economic growth and boosts boosts There are some economists who dispute claims about the benefits of comparative advantage. James C. Galbraith stated that free trade had reached the status of a god and that ... none of the most successful trading regions in the world, including Japan, Korea, Taiwan, and now mainland China, has reached its current status by adopting neoliberal rules of trade. He argues that comparative advantages are based on the assumption of constant returns, which he says is generally wrong. According to Galbraith, countries trapped in agriculture are doomed to perpetual poverty, as agriculture depends on land, the ultimate unsized natural resource. The comments were sharply criticized by leading scholars such as Paul Krugman, who noted the lack of mathematical modeling or modeling supporting this argument and questioned the scientific credibility of Galbraith's claims, calling him an intellectual outside his field. 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