

[Book Review]

**Shigeyoshi Senga, Masatomi Fujimoto, and Taichi Tabuchi, eds.,
*Ricardo and International Trade***

London and New York: Routledge, 2017, ix + 276 pp.

While a few economists might raise their eyebrows and shake their heads in disagreement, the principle of comparative advantage is arguably the “deepest and most beautiful result in all of economics,” as Findlay once put it. Two hundred years have passed since David Ricardo illustrated it using the “four magic numbers” in his famed *Principles of Political Economy and Taxation*. Such an anniversary has led to multiple events and publications celebrating the great Englishman. Among them a volume edited by three renowned Japanese economists with contributions from the likes of Roy Ruffin or Andrea Maneschi has generated high expectations. Readers won't be disappointed!

The rather uninspiring title “Ricardo and International Trade” aptly sums up the content of the book. Even though Ricardo is mostly known for the principle of comparative advantage, his contributions to the international trade theory are manifold and span a wide range of topics from theory of money to labor theory of value or trade protectionism. The volume tackles all of these issues in a coherent way divided into three parts and thirteen chapters.

The first five chapters focus on Ricardo's “golden egg,” the theory of comparative advantage, and inspect it thoroughly from historical, mathematical and geometrical perspectives. They provide

evidence not only that the principle is still valid and relevant, but also show that it remains highly challenging to grasp and understand properly. Nothing can illustrate this better than Heinz Kurz's chapter where he undertook to explain the principle “in terms that can easily be understood.” Quite honestly, I believe he achieved the exact opposite: his text only demonstrated how difficult and complex the concept is and that we economists are often unable to express our ideas in simple, plain language due to the burden of extensive knowledge we possess on the subject.

The second part of the volume deals with money and international values in Ricardo's writings. I applaud the decision to go beyond the usual few paragraphs from Chapter 7 of the *Principles* and present readers with a much more complex view of Ricardo's trade theory. While all the chapters have their merits I especially consider Shigehiro Naruse's contribution of great interest. He illustrates the logic of Ricardo's original specie flow mechanism using simple diagrams. The dynamics of value of money as well as its distinction from the exchange rate in Ricardian system are emphasized, followed by a discussion of the mechanism's later use by Marx and Japanese economists. The trade theory has adopted rigorous mathematical methods in the last few decades, and it has been

right to do so; but it is these relatively easy-to-understand analytical and diagrammatical expositions of stimulating problems that may awaken interest of a new generation of economic historians.

The last three chapters compare Ricardo's trade theory with the teachings of other great minds of the 19th century: Thomas Robert Malthus, John Stuart Mill, Robert Torrens, and with corn trade reports prepared by William Jacob in what was one of the most significant debates in economic history. They show beyond doubt how influential Ricardo's ideas were. Even though modern economic theory does not always support them (e.g. some of his arguments against the Corn Laws) none of his contemporaries were able to bring significant additions to international economics without, at least indirectly, building on Ricardo's works.

To an economist who is not expert in the field of international trade it might appear that many of the book's chapters tackle the same topic with just little differences in individual authors' views. Indeed, for example, the "four magic numbers" are highly prominent throughout the volume,

alluded to by at least half of the contributors. However, given that Ricardo is the rock on which the modern trade theory is standing, it is highly important to subject his teachings to a critical review from different angles and positions, no matter how diverse or similar to each other they might be. Without discussing the slightest details of his work we would probably not have arrived at the Sraffa–Ruffin interpretation which opened a whole new world of research in this area.

From an international perspective, the unique added value of the book consists in presenting older views of Japanese authors, such as Yukizawa or Kinoshita, to a broad audience. Arguably, Kenzo Yukizawa's assessment of Ricardo's famous section on comparative advantages was similar to the "Sraffa–Ruffin interpretation," but preceded it by almost three decades! This leaves readers wondering: How many answers to important international trade theory questions are hidden in untranslated works of lesser-known economists in different parts of the world?

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