

A Country's Maximal Gains From Trade and Conflicting National Interests

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Abstract:

This paper shows that there are gains from trade that a country can capture from a partly developed trading partner that strongly exceed the gains it can obtain by trading with a fully developed one. We will also show that these gains are beneficial to one country only, they always come at the expense of the trading partner. We also discuss more generally the circumstances under which improvements in productivity in a trading partner are beneficial to the home country.

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