

## Accepted Manuscript

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PII: S0022-1996(17)30024-7  
DOI: doi:[10.1016/j.jinteco.2017.02.002](https://doi.org/10.1016/j.jinteco.2017.02.002)  
Reference: INEC 3026

To appear in: *Journal of International Economics*

Received date: 13 November 2014  
Revised date: 1 February 2017  
Accepted date: 18 February 2017



Please cite this article as: French, Scott, Revealed Comparative Advantage: What Is It Good For?, *Journal of International Economics* (2017), doi:[10.1016/j.jinteco.2017.02.002](https://doi.org/10.1016/j.jinteco.2017.02.002)

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# Revealed Comparative Advantage: What Is It Good For?

Scott French\*

January, 2017

## Abstract

This paper applies a widely-used class of quantitative trade models to evaluate the usefulness of measures of revealed comparative advantage (RCA) in academic and policy analyses. I find that, while commonly-used indexes are generally not consistent with theoretical notions of comparative advantage, certain indexes can be usefully employed for certain tasks. I explore several common uses of RCA indexes and show that different indexes are appropriate when attempting to (a) uncover countries' fundamental patterns of comparative advantage, (b) evaluate the differential effect of changes in trade barriers across producers of different products, or (c) identify countries who are relatively close competitors in a given market.

*JEL Classification: F10, F13, F14, F15*

*Keywords: Relative productivity, index, Ricardian, trade barriers, trade policy, trade elasticity*

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