

Lionel W. McKenzie
Wilson Professor of Economics

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Professor Arnold M. Faden
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Iowa State University
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Dear Professor Faden,

Thank you for your paper on comparative advantage. You have certainly explored the structure of specialization in a Graham world to a remarkable point. I hope you will succeed in pushing the program further into a world with trade in intermediate products and many factors of production. I made some stabs in those direction in a paper "Specialization in Production" which was also published in *The Review of Economic Studies* in 1955, pp. 56-64. I did not get very far!

On the question of where it might be published there is of course the *Journal of International Economics*. There are also the applied math journals which publish programming type articles from economists. Also there is a new journal being edited by C. D. Aliprantis and published by Springer. It is called *Economic Theory* and is assembling the first year's papers now. Aliprantis is in the math department at Indiana University at Indianapolis, initials IUPUI, address 1125 East 38th Street, Indianapolis, IN 46205. Nicholas Yannelis in the economics department at Illinois, Champaign-Urbana, is also an editor. I think it is also quite possible that *The Review of Economic Studies* might be interested.

I shouldn't say anything since you treat my contribution quite generously, but I believe we should not attribute any discovery of principle to the error in my diagram. The inadequacy of bilateral comparisons was clearly realized in my initial paper and the error in the diagram was only an error. Indeed the specialization was correctly put in the graphs which are inconsistent with the diagram! Also see my footnote on p. 171. Incidentally you may be interested to know that I was talking to Paul Samuelson about that time in his office and he raised the question whether having all bilateral comparisons comply with comparative advantage was a guarantee of efficiency and I was able to point out that I knew this not to be the case. I don't think I have ever been able to have the such a pat answer to such a query since. The paper was first written as a term paper for Tjalling Koopmans in his class on Activity Analysis in 1950 (before the book came out).

Sincerely,

