United Kingdom to compensate for the wage difference. It is to be expected that, in commodities where United Kingdom productivity is more than 40 per cent higher than that in the Republic of Ireland, the United Kingdom will have the trading advantage (and an export surplus); if United Kingdom productivity is less than 40 per cent that in Ireland, the opposite should hold. From Table 1 it can be seen that this is usually true; in 17 out of the 22 industries labour productivity ratios in excess of 1.4 are accompanied by a negative trade balance for Ireland while ratios less than 1.4 are accompanied by a positive trade balance.

This result seems to indicate that, contrary to the findings of McGilvray and Simpson, the Ricardian model is of some importance in explaining the pattern of Anglo-Irish trade. However, it is interesting to note that had the results been presented in terms of correlations between trade balances and relative labour productivities they would have appeared a good deal less favourable; the Spearman coefficient of rank correlation lies in the region of \( r = +0.3 \).

**REFERENCES**


**Comment**

J. McGILVRAY AND D. SIMPSON

University of Strathclyde

Our choice of a value rather than a physical measure of labour productivity was a conscious decision, not an "error". The reasons for this choice were clearly stated on pp. 451-452, footnote 2, of the article. The weakness of the alternative approach is revealed by Davies' computations. They would appear to cover only a small proportion of Anglo-Irish Trade. In each industry, there is a wide range of products: this largely accounts for the apparent cross-trading between the two countries. To add together these products as if they were homogeneous means that the resulting labour productivity figure must be of doubtful meaning.