

ECONOMICS 7121
International Economics I
Fall 2015
9:35-10:55 TTh

TIBOR BESEDEŠ

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Course Description:

This course covers the basic models of international trade and exposes you to current research in these topics. The course is a mixture of canonical and current papers to give you a proper understanding of the development of the field.

Main Book:

Feenstra, Robert C. 2004. *Advanced International Trade: Theory and Evidence*. Princeton: Princeton University Press.

Supplementary Books:

Bhagwati, Jagdish N., Arvind Panagariya, and T.N. Srinivasan. 1998. *Lectures on International Trade*, Second edition. Cambridge: MIT Press.

Dixit, Avinash K. and Victor Norman. 1980. *Theory of International Trade*. Cambridge, UK: Cambridge University Press.

Helpman, Elhanan and Paul Krugman. 1986. *Market Structure and Foreign Trade*. Cambridge: MIT Press.

Grossman, Gene and Kenneth Rogoff (eds). 1995. *Handbook of International Economics*, vol. 3. Amsterdam: Elsevier.

Choi, E. Kwan and James Harrigan (eds), 2003. *Handbook of International Trade*. Oxford, UK: Basil Blackwell Publishers.

Grading:

Your grade will be based on:

- midterm exam (25%) – 10/22
- final exam (25%) – 12/10, 8am
- two in-class presentations (20%)
- referee report (10%) – due 11/24
- research proposal (20%) – due 12/3

Presentations:

You will choose two papers from the class reading list you will be provided with which you will present in class. These presentations are designed to mimic a seminar, to give you practice with that particular setting. In case you would prefer to present a paper which is not on the list, you can ask me so that I can see whether it is appropriate.

The following should be covered in your presentation:

1. Describe the topic: What is the main question of the paper? How does the paper answer that question?
2. Describe the methodology and data: What is the method? Structural or nonstructural estimation? Which model of trade has been used? What is the main specification and method of estimation? Describe the data: time series, cross section, panel? For the time series data, what is the time period? And what is the frequency of the data? For the cross sectional data, what is the cross sectional unit? And what is the range of the cross section?
3. Describe the contribution: What is the main finding? What are the estimated magnitudes? What phenomenon has been theoretically explained? What model has been extended and how? What theoretical result has been overturned or confirmed?

Referee Reports:

You will have to write one referee reports on a current working paper, which will be provided on a separate reading list. The purpose of these assignments is to get you used to reading papers in a critical fashion. They are intended to function as if you were asked by an editor to referee a paper submitted for publication. Each report will be 2-3 double spaced pages in length. The first 1-2 paragraphs should summarize the paper for the editor and describe the main features of the paper and its contribution to the existing or subsequent literatures. The report should discuss the strengths and weaknesses of the paper, contrasting it to others in the literature as necessary. You should describe how the authors could address the weaknesses (if possible) and give your recommendations for changes that would strengthen or enhance the paper. The report is due on November 24.

Research Proposal:

You will be required to submit a research proposal for a project on an international trade topic which will be 4-5 double spaced pages in length in addition to a list of at least 10 references. The proposal should summarize the idea, how it fits with the current literature, and how it would be executed. The proposal is due by Thursday, December 3.

Course Outline:

0. Undergraduate trade models: Ricardian, Specific Factors, Heckscher-Ohlin, monopolistic competition
1. Basic comparative advantage
2. Ricardian theories
3. Heckscher-Ohlin theories
4. Monopolistic competition and gravity
5. Trade policy

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International Economics I
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Reading List

Legend Key:

T – textbook

S – survey

* – can be chosen for in-class presentation

Basic Texts

(S) Bernhoffen, Daniel, “The Empirics of General Equilibrium Trade Theory: What Have we Learned?” CESifo working paper 3242.

(T) Bhagwati, Jagdish N., Arvind Panagariya, and T.N. Srinivasan (1998), *Lectures on International Trade*, Second edition, Cambridge: MIT Press.

(T) Bowen, H., A. Hollander, and J.–M. Viaene (1998), *Applied International Trade Analysis*, London: Macmillan.

(S) Choi, E. Kwan and James Harrigan (2003), *Handbook of International Trade*, Oxford: Blackwell Publishers.

(T) Dixit, Avinash K. and Victor Norman (1980), *Theory of International Trade*, Cambridge: University Press.

(T) Feenstra, Robert C. (2004), *Advanced International Trade: Theory and Evidence*, Princeton: Princeton University Press.

(T) Fujita, Masahisa, Paul Krugman, and Anthony J. Venables (1999), *The Spatial Economy: Cities, Regions, and International Trade*, Cambridge: MIT Press.

(S) Greenaway, D. and L. Winters (eds) (1994), *Surveys in International Trade*, Oxford: Basil Blackwell Ltd.

(T) Grossman, Gene and Elhanan Helpman (1991), *Innovation and Growth in the Global Economy*, Cambridge: MIT Press.

(S) Grossman, Gene and Kenneth Rogoff (eds) (1995), *Handbook of International Economics*, vol. 3, Amsterdam: Elsevier.

(T) Helpman, Elhanan and Paul Krugman (1986), *Market Structure and Foreign Trade*, Cambridge: MIT Press.

(T) Helpman, Elhanan and Paul Krugman (1989), *Trade Policy and Market Structure*, Cambridge: MIT Press.

(S) Jones, R. and P. Kenen (eds) (1984), *Handbook of International Economics*, vol. 1, Amsterdam: Elsevier.

(T) Leamer, E. (1984), *Sources of Comparative Advantage*, Cambridge: MIT Press.

(T) Markusen, James R., James R. Melvin, William H. Kaempfer, and Keith E. Maskus (1995), *International Trade: Theory and Evidence*, McGraw–Hill.

1. Basic Comparative Advantage

Bernhofen, Daniel M. and John C. Brown (2005), “An Empirical Assessment of the Comparative Advantage Gains from Trade: Evidence from Japan,” *American Economic Review*, 95(1): 208–225.

Bernhofen, Daniel M. and John C. Brown (2004), “A Direct Test of the Theory of Comparative Advantage: the Case of Japan,” *Journal of Political Economy*, 112(1):48–67.

2. Ricardian Theories of Trade

Feenstra, Robert C. (2004), *Advanced International Trade: Theory and Evidence*, Princeton: Princeton University Press. – Chapter 1

Bernard, Andrew B., Jonathan Eaton, J. Bradford Jensen, and Samuel Kortum (2003), “Plants and Productivity in International Trade,” *American Economic Review*, 93(4):1268–1290.

Besedeš, Tibor (2010), “Decomposing the Growth of Trade 1894–1992,” mimeo, Georgia Institute of Technology.

Bhagwati, Jagdish N., Arvind Panagariya, and T.N. Srinivasan (1998), *Lectures on International Trade*, Second edition, Cambridge: MIT Press. – Chapters 2–4

(*) Chor, Davin, (2010), “Unpacking Sources of Comparative Advantage: A Quantitative Approach,” *Journal of International Economics*, 82(2): 152–167.

(*) Costinot, Arnaud (2009), “On the Origins of Comparative Advantage,” *Journal of International Economics*, 77(2): 255–64.

Costinot, Arnaud (2009), “An Elementary Theory of Comparative Advantage,” *Econometrica*, 77(4): 1165–1192.

Costinot, Arnaud and Dave Donaldson (2012), “Ricardo’s Theory of Comparative Advantage: Old Idea, New Test,” *American Economic Review Papers and Proceedings*, 102(3): 453–458.

(*) Costinot, Arnaud, Dave Donaldson, and Ivana Komunjer (2012), “What Goods Do Countries Trade? A Quantitative Exploration of Ricardo’s Ideas,” *Review of Economic Studies*, 79(2): 581–608.

Costinot, Arnaud, Dave Donaldson, and Cory Smith (forthcoming), “Evolving Comparative Advantage and the Impact of Climate Change in Agricultural Markets: Evidence from 1.7 Million Fields around the World,” *Journal of Political Economy*.

Collins, S. (1985), “Technical Progress in a Three–Country Ricardian Model with a Continuum of Goods,” *Journal of International Economics*, 19:171–79.

Deardorff, Alan V. (1980), “The General Validity of the Law of Comparative Advantage,” *Journal of Political Economy*, 88:941–57.

Dixit, Avinash K. and Victor Norman (1980), *Theory of International Trade*, Cambridge University Press. 1980. – Chapter 2–4

Dornbusch, R., S. Fischer, and P.A. Samuelson (1977), “Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods,” *American Economic Review*, 67:823–39.

Eaton, Jonathan and Samuel Kortum (2002), “Technology, Geography, and Trade,” *Econometrica*, 70(5): 1741–1779.

Evenett, S. and B.Y. Yeung (2001) “Decomposing the Growth of OECD Trade During 1970–96,” mimeo.

(*) Harrigan, James (2006), “Airplanes and Comparative Advantage,” *Journal of International Economics*, 82(2): 181–194.

Helpman, Elhanan and Paul Krugman, (1986), *Market Structure and Foreign Trade*, MIT Press. – Chapter 1

(*) Levchenko, Andrei A., and Jing Zhang, (2011), “The Evolution of Comparative Advantage: Measurement and Welfare Implications,” NBER Working Paper No. 16806.

Markusen, James R., James R. Melvin, William H. Kaempfer, and Keith E. Maskus (1995), *International Trade: Theory and Evidence*, McGraw–Hill. (Chapters 4 and 5)

3. Heckscher–Ohlin Theories of Trade

- Feenstra, Robert C. (2004), *Advanced International Trade: Theory and Evidence*, Princeton: Princeton University Press. – Chapter 2, 3
- Anderson, J. (1981), “Cross–Section Tests of the Heckscher–Ohlin Theorem: Comment,” *American Economic Review*, 71(5):1037–39.
- Baldwin, Richard (1971), “Determinants of the Commodity Structure of U.S. Trade,” *American Economic Review*, 61:126–46.
- Bernard, Andrew, Stephen Redding, and Peter K. Schott (2004), “Comparative Advantage and Heterogeneous Firms,” NBER Working Paper No. 10668.
- Bernhoffen, Daniel and John C. Brown (2009), “Testing the General Validity of the Heckscher–Ohlin Theorem: The Natural Experiment of Japan,” CCES Discussion Paper Series 13.
- Bowen, H., Edward E. Leamer, and L. Sveikauskas (1987), “Multicountry, Multifactor Tests of the Factor Abundance Theory,” *American Economic Review*, 77:791–809.
- Choi, Y.–S. and P. Krishna (2004), “The Factor Content of Bilateral Trade: An Empirical Test,” *Journal of Political Economy*, 112(4): 887–914.
- Davis, Donald and David Weinstein (2001), “An Account of Global Factor Trade,” *American Economic Review*, 91:1423–53.
- Davis, Donald and David Weinstein (2001), “The Factor Content of Trade,” in *Handbook of International Trade*, E. Kwan Choi and James Harrigan, (eds), Oxford: Blackwell Publishers.
- Davis, Donald, David Weinstein, S. Bradford, and K. Shimpo (1997), “Using International and Japanese Regional Data to Determine When the Factor Abundance Theory of Trade Works,” *American Economic Review*, 87: 421–46.
- Deardorff, Alan V. (1982), “The General Validity of the Heckscher–Ohlin Theorem,” *American Economic Review*, 72: 683–94.
- Deardorff, Alan V. (1984), “Testing Trade Theories and Predicting Trade Flows,” in *Handbook of International Economics*, vol. 1, R.W. Jones and Peter Kenen, (eds), Amsterdam: Elsevier.
- Deardorff, Alan V. (1994), “The Possibility of Factor Price Equalization, Revisited,” *Journal of International Economics*, 36:167–75.
- Debaere, Peter (2003), “Relative Factor Abundance and Trade,” *Journal of Political Economy*, 111(3): 589–610.

Dixit, Avinash K. and Victor Norman (1980), *Theory of International Trade*, Cambridge University Press. – Chapter 2–4

Ethier, W.J. (1984), “Higher Dimensional Issues in Trade Theory,” in *Handbook of International Economics*, vol. 1, R.W. Jones and Peter Kenen (eds), Amsterdam: Elsevier.

Fisher, Eric (2011), “Let’s Take the Con Out of Factor Content,” mimeo, California Polytechnic State University.

Fisher, Eric, and Kathryn Marshall (2011), “The Factor Content of Trade When Countries Have Different Technologies,” mimeo, California Polytechnic State University.

Fisher, Eric, and Kathryn Marshall (2011), “Leontief Was Not Right After All,” mimeo, California Polytechnic State University.

Gabaix, Xavier (1997), “The Factor Content of Trade: A Rejection of the Heckscher–Ohlin–Leontief Hypothesis,” *mimeo, Harvard University*.

Harrigan, James (1997), “Technology, Factor Supplies and International Specialization: Estimating the Neoclassical Model,” *American Economic Review*, 87(4): 475–494.

Helpman, Elhanan (1984), “The Factor Content of Foreign Trade,” *The Economic Journal*, 94:84–94.

Helpman, Elhanan (1998), “Explaining the Structure of Foreign Trade: Where do We Stand?” *Weltwirtschaftliches–Archiv*, 134:573–89.

Helpman, Elhanan and Paul Krugman (1986), *Market Structure and Foreign Trade*, Cambridge: MIT Press. – Chapter 1

Jones, R.W. (1965), “The Structure of Simple General Equilibrium Models,” *Journal of Political Economy*, 73:557–572.

Leamer, Edward E. (1980), “The Leontief Paradox, Reconsidered,” *Journal of Political Economy*, 90: 820–23.

Leamer, Edward E. and H. Bowen (1981), “Cross–Section Tests of the Heckscher–Ohlin Theorem: Comment,” *American Economic Review*, 71(5):1040–1043.

Leamer, Edward E. and Jim Levinsohn (1997), “International Trade Theory: The Evidence,” in *Handbook of International Economics*, vol. 3, Gene Grossman and Kenneth Rogoff (eds), Amsterdam: Elsevier.

Markusen, James R., James R. Melvin, William H. Kaempfer, and Keith E. Maskus (1995), *International Trade: Theory and Evidence*, McGraw–Hill. – Chapters 8 and 9

Neary, J.P. (1978), “Short–Run Capital Specificity and the Pure Theory of International Trade,” *Economic Journal*, 88: 488–510.

Romalis, J. (2004), “Factor Proportions and the Structure of Commodity Trade,” *American Economic Review*, 94(1):67–97.

Schott, Peter K. (2003), “One Size Fits All? Heckscher–Ohlin Specialization in Global Production,” *American Economic Review*, 93:686–708.

(*) Schott, Peter K. (2004), “Across–product versus Within–product Specialization in International Trade,” *Quarterly Journal of Economics*, 119(2):647–678.

Trefler, Daniel (1993), “International Factor Price Differences: Leontief Was Right!” *Journal of Political Economy*, 101:961–87.

Trefler, Daniel (1995), “The Case of the Missing Trade and Other HOV Mysteries,” *American Economic Review*, 85:1029–46.

4. Monopolistic competition models and gravity equation

Feenstra, Robert C. (2004), *Advanced International Trade: Theory and Evidence*, Princeton: Princeton University Press. – Chapter 5

Antweiler, Werner and Daniel Trefler (2002), “Increasing Returns and All That: A View from Trade,” *American Economic Review*, 92(1):93–119.

Anderson, James (1979), “A theoretical foundation for the gravity equation,” *American Economic Review*, 69:106–116.

(*) Anderson, James and Eric van Wincoop (2003), “Gravity with Gravitas: A Solution to the Border Puzzle,” *American Economic Review*, 93:170–192.

(*) Anderson, James and Yoto Yotov (2010), “The Changing Incidence of Geography,” *American Economic Review*, 100(5): 2157–2186.

(*) Bergstrand, Jeffrey H. and Scott L. Baier (2009), “Bonus Vetus OLS: A Simple Method for Approximating International Trade–Cost Effects using the Gravity Equation,” *Journal of International Economics*, 77(1): 77–85.

(*) Bergstrand, Jeffrey H. , Peter Egger, and Mario Larch (2012), “Gravity Redux: Estimation of Gravity–Equation Coefficients, Elasticities of Substitution, and General Equilibrium Comparative Statics under Asymmetric Bilateral Trade Costs,” mimeo.

Costinot, Arnaud, Dave Donaldson, Jonathan Vogel, and Ivan Werning (2015), "Comparative Advantage and Optimal Trade Policy," *Quarterly Journal of Economics*, 659–702.

Davis, Donald (1998), "The Home Market, Trade, and Industrial Structure," *American Economic Review*, 88:1264–76.

Davis, Donald R. and David E. Weinstein (2003), "Market Access, Economic Geography and Comparative Advantage: An Empirical Assessment," *Journal of International Economics*, 59(1): 1–24.

Ethier, W.J. (1979), "Internationally Decreasing Costs and World Trade," *Journal of International Economics*, 9:1–24.

Ethier, W.J. (1982), "Decreasing Costs in International Trade and Frank Graham's Argument for Protection," *Econometrica*, 50:1243–68.

Ethier, W. (1982), "National and International Returns to Scale in the Modern Theory of International Trade," *American Economic Review*, 72:389–405.

Evenett, Simon J. and Wolfgang Keller (2002), "On Theories explaining the Success of the Gravity Equation," *Journal of Political Economy*, 110(2):281–316.

Feenstra, Robert C., James R. Markusen, and Andrew Rose (1998), "Understanding the Home Market Effect and the Gravity Equation: The Role of Differentiating Goods," NBER Working Paper No. 6804.

(*) Hanson, Gordon H. and Chong Xiang (2004), "The Home Market Effect and Bilateral Trade Patterns," *American Economic Review*, 94(4):1108–1129.

Head, Keith and John Ries (2001), "Increasing Returns versus National Product Differentiation as an Explanation for the Pattern of US-Canada Trade," *American Economic Review*, 91(4):858–876.

Head, Keith, and Thiery Mayer (2004), "The Empirics of Agglomeration and Trade," *Handbook of Regional and Urban Economic*, Amsterdam: North Holland..

Helpman, Elhanan (1987), "Imperfect Competition and International Trade: Evidence from Fourteen Industrial Countries," *Journal of the Japanese and International Economies*, 1:62–81.

Helpman, Elhanan (1999), "The Structure of Foreign Trade," *Journal of Economic Perspectives*, 13(2):121–44.

Helpman, Elhanan and Paul Krugman (1986), *Market Structure and Foreign Trade*, MIT Press. (Chapters 2–3, 6–9, 10–11).

Hummels, David and Jim Levinsohn (1995), “Monopolistic Competition and International Trade: Reconsidering the Evidence,” *Quarterly Journal of Economics*, 110:799–836.

Krugman, Paul (1979), “Increasing Returns, Monopolistic Competition, and International Trade,” *Journal of International Economics*, 9:469–79.

Krugman, Paul (1980), “Scale economies, product differentiation, and the pattern of trade,” *American Economic Review*, 70: 950–59.

Krugman, Paul (1981), “Trade, accumulation, and uneven development,” *Journal of Development Economics*, 8:149–61.

Krugman, Paul (1981), “Intraindustry specialization and the gains from trade,” *Journal of Political Economy*, 89:959–73.

Krugman, Paul (1995) “Increasing returns, imperfect competition and the positive theory of international trade,” Chapter 24 of *Handbook of International Economics*, vol. 3, edited by G. Grossman and K. Rogoff. Amsterdam: Elsevier.

Smith, A. (1994), “Imperfect competition and international trade,” Chapter 3 in *Surveys in International Trade*, D. Greenaway and L. Winters (eds), Oxford: Basil Blackwell Ltd.

5. Trade Policy

Feenstra, Robert C. (2004), *Advanced International Trade: Theory and Evidence*, Princeton: Princeton University Press. – Chapter 7

Anderson, James E. (1993), “Domino Dumping II: Anti-dumping,” *Journal of International Economics*, 35: 133–150.

(*) Anderson, James E. and Yoto Yotov (2011), ““Terms of Trade and Global Efficiency Effects of Free Trade Agreements, 1990–2002,” NBER Working Paper No. 17003.

(*) Bergstrand, Jeffrey H. and Scott L. Baier (2007), “Do Free Trade Agreements Actually Increase Members’ International Trade?” *Journal of International Economics*, 71(1): 72–95.

(*) Bergstrand, Jeffrey H. and Scott L. Baier (2009), “Estimating the Effects of Free Trade Agreements on International Trade Flows using Matching Econometrics,” *Journal of International Economics*, 77(1): 63–76.

(* Bergstrand, Jeffrey H., Scott L. Baier, and Michael Feng (2011), “Economic Integration Agreements and the Margins of International Trade,” mimeo.

(* Bergstrand, Jeffrey H., Peter Egger, and Mario Larch (2011), “Economic Determinants of the Timing of Preferential Trade Agreement Formations and Enlargements,” mimeo.

Besedeš, Tibor and Thomas J. Prusa (2013), “Antidumping and the Death of Trade,” NBER working paper no. 19555.

Blonigen, Bruce A. and Thomas J. Prusa (2001), “Antidumping,” in E. Kwan Choi and James Harrigan (eds), *Handbook of International Trade*, Oxford: Basil–Blackwell, 2003.

(* Bown, Chad P. and Meredith A. Crowley (2007), “Trade Deflection and Trade Depression,” *Journal of International Economics*, 72(1):176–201.

(* Bown, Chad P. and Meredith A. Crowley (2012). “Self-Enforcing Trade Agreements: Evidence from Time-Varying Trade Policy,” *American Economic Review*, forthcoming.

(* Bown, Chad P. and Meredith A. Crowley (2014), “Emerging Economies, Trade Policy, and Macroeconomic Shocks,” *Journal of Development Economics*, 111(2014): 261-273.

(* Broda, Christian and David E. Weinstein (2004), “Globalization and the Gains from Variety,” *Quarterly Journal of Economics*, 121(2): 541–585.

(* Caliendo, Lorenzo and Fernando Parro (2011), “Estimates of Trade and Welfare Effects of NAFTA,” mimeo.

(* Hillberry, Russell and Phillip McCalman (2011), “What Triggers an Anti-Dumping Petition? Finding the Devil in the Detail,” University of Melbourne, mimeo.

(* Konings, Jozes and Hylke Vandenbussche (2005), “Antidumping Protection and Markups of Domestic Firms,” *Journal of International Economics*, 65(1): 151–165.

(* Konings, Jozes and Hylke Vandenbussche (2008), “Heterogeneous Responses of Firms to Trade Protection,” *Journal of International Economics*, 76(2): 371–383.

(* Konings, Jozes and Hylke Vandenbussche (2010), “Antidumping Protection hurts Exporters: Firm–level Evidence,” CEPR Discussion Paper no. 5678.

(* Pierce, Justin R. (2011), “Plant–level Responses to Antidumping Duties: Evidence from U.S. Manufacturers,” *Journal of International Economics*, 85(2): 222–233.

Prusa, Thomas J. (1992), “Why Are So Many Antidumping Petitions Withdrawn?” *Journal of International Economics*, 33:1–20.

(* Prusa, Thomas J. (2001), “On the Spread and Impact of Antidumping,” *Canadian Journal of Economics*, 34(3):591–611.

(* Prusa, Thomas J. and Robert The (2010), “Protection Reduction and Diversion: PTAs and the Incidence of Antidumping Duties,” NBER Working Paper No. 16276.

(* Romalis, John (2007), “NAFTA’s and CUSFTA’s Impact on North American Trade,” *Review of Economics and Statistics*, 89(3): 416–35.

Staiger, Robert, and Frank Wolak (1994), “Measuring Industry Specific Protection: Anti-dumping in the United States,” *Brookings Papers on Economic Activity, Microeconomics*, pp. 51–103.

(* Vandebussche, Hylke and Maurizio Zanardi (2010), “The Chilling Trade Effects of Antidumping Proliferation,” *European Economic Review*, 54(6): 760–777.

6. New Explorations

(* Armenter, Roc and Miklos Koren (2012), “A Balls-and-Bins Model of Trade,” mimeo.

(* Berthelon, Matias and Caroline Freund (2008), “On the Conservation of Distance in International Trade”, *Journal of International Economics*, 75(2): 310–320.

(* Chor, Davin and Kalina Manova (2012), “Off the Cliff and Back? Credit Conditions and International Trade during the Global Financial Crisis,” *Journal of International Economics*, 87(1):117–133.

(* Crozet, Matthieu and Federico Trionfetti (2012), “Firm-Level Comparative Advantage,” *Journal of International Economics*, 91(2):321-328.

(* Disdier, Anne-Celia and Keith Head (2008), “The Puzzling Persistence of the Distance Effect on Trade,” *Review of Economics and Statistics*, 90(1): 37–48.

(* Freund, Caroline, Simeon Djankov, and Cong Si Pham (2010), “Trading on Time,” *Review of Economics and Statistics*, 92(1): 166–173.

(* Hallak, Juan Carlos (2006), “Product Quality and the Direction of Trade,” *Journal of International Economics*, 68(1): 238–265.

(* Hummels, David (2007) “Transportation Costs and International Trade in the Second Era of Globalization,” *Journal of Economic Perspectives*, 21(3): 131–154.

(*) Hummels, David, and Alexandre Skiba (2004), “Shipping the Good Apples Out? An Empirical Confirmation of the Alchian–Allen Conjecture”, *Journal of Political Economy*, 112(6): 1384–1402.

(*) Hummels, David, and Peter Klenow (2005), “The Variety and Quality of a Nation’s Exports,” *American Economic Review*, 95(3): 704–723.

(*) Hummels, David, Volodymyr Lugovskyy, and Alexandre Skiba (2009), “The Trade Reducing Effects of Market Power in International Shipping,” *Journal of Development Economics*, 89(1): 84–97.

(*) Khandelwal, Amit (2010), “The Long and Short (of) Quality Ladders”, *Review of Economic Studies*, 77(4): 1450–1476.