

Comments on
“Does Bilateralism Promote Trade?”
by Flandreau and Accominotti

Andrew K. Rose

UC Berkeley, CEPR and NBER

A Fine Paper!

- Liked it when I made comments on first draft
- Well motivated.
 - Question is interesting for historical reasons
 - Also of current policy interest
- New interesting, relevant data set
 - Bravo to authors for work!
 - Bravo to Banque de France for funding!
- Competent (but standard) techniques

Interesting Results

- Key: Bilateral treaties with MFN don't matter much

Change the Title!

- Paper could be even more ambitious and clearer if focus is on *MFN clause*, not *bilateralism*
 - Many think my negative results on GATT/WTO are because I don't control for MFN
 - Hard to measure MFN for most countries over time
 - But done here!

Some Minor Issues

- Fundamental: Negative Results are hard to sell since they simply reveal ignorance
 - Here unimportant, since authors overturn myth
 - Still, would be happier if gravity model worked better
 - Coefficients small compared to contemporary
 - .4 for income/distance here; 1 the norm
 - Fit worse than modern estimates
 - .4 here; .7 the norm

- Continental trade didn't stop growing in the 1850s; growth rate stayed reasonable (just didn't remain high or rise), contra p 6, 7, 10
- Measures of openness and protection may be misleading since unweighted by country importance
- Economists should never call liberalization “concessions”

Still All Very Reasonable!

- Easy to see trends emerging before 1860
- All results seem plausible as well as interesting
- The sensitivity analysis is reassuring
- Figures quite persuasive; bolstered by statistics
 - UK protection quite striking

Extension #1: Rationalize (for History of Thought)

- Why do so many economists think MFN and Cobden-Chevalier treaty important if it isn't?
 - Same problem I have with relevance of GATT/WTO

Extension #2: Compare Institutions Directly

- Pool across 19th and 20th century data sets
- Standard gravity controls
- Compare Three Trade Promoting with horse-race:
 1. GATT/WTO (Multilateral with MFN)
 2. Recent RTAs (Bilateral without MFN)
 3. Older Bilaterals (Bilateral with MFN)

Still, these are all quibbles!

**A Good Piece of Research that's produced a good result,
an interesting mystery, and a new data set.**

What More Can One Hope For?