

**Rose's Comments on *Properly Measuring the Impact of Multilateral Institutions on World Trade* by Myeong Hwan Kim**

**Summary**

The author extends my 2004 *AER* paper in two ways: adding extra years of data and adding more control regressors. He finds that the former in particular seems to reverse my results and show a strong positive effect of the GATT/WTO on trade.

**Analysis**

I think that some of the results are potentially interesting and worthy of publication. However some of the analysis is hard to follow, derivative, or dated.

**Larger Suggestions**

All your focus is on bilateral observations. But in my *AER* paper I also did aggregate stuff, and I looked at dozens of measures of trade policy in my *JIE* paper. It does not seem fair to ignore all this evidence.

You ignore the growing literature on the missing/0 values of trade, so that the extensive margin of trade creation isn't explicitly handled; Helpman, Melitz and Rubinstein have probably the best-known work here. I suggest you remedy this gap.

You ignore Baldwin's critiques of the gravity model, and I suggest you remedy this too. If you think they're wrong, then at least present the counter-arguments.

You seem to ignore the Tomz et al critique. (I assume this since our Table 1 "default" results are the same). But why not use the Tomz et al codings? At least you should present some argument as to why they're inappropriate. And if the reason you get identical results to mine, you should acknowledge the use of my data set.

The fact that extending the data set through 2006 (but not earlier years) is promising; I urge you to explore this finding and figure out what's going on. As it is, it's presented as more of a mystery; why don't the results appear in 2005 as well (for example)? It also seems like a fishing expedition as is.

**Smaller Suggestions**

It is arrogant to begin a title "Properly" implying that your predecessors have done the same thing improperly.

There are numerous minor grammatical mistakes and malapropos-isms in your paper; I suggest you have a copy-editor go through it.

The literature review is poorly written and hard to understand; I suggest you rewrite it.

In your summary of your 2006 paper, you argue that one should ignore trade in oil, agriculture and textiles since “they are not deal with under GATT/WTO rules.” Does that mean that you should ignore the areas where the GATT/WTO has failed when you’re looking for its total impact? Surely one cannot forget the fact that agricultural interests have always been at the frontline of trade disputes, at least since the Corn Laws were revoked.

You don’t define your variables in the text; please correct this.

Why not use a more continuous measure of joint democracy?

Do we really consider all disputes between countries to be of equal importance?

The last sentence of the first incomplete paragraph on p8 is wrong; your coefficient implies the absence of trade diversion.

When you add more controls, the number of observations drops a lot. Is there non-trivial selection bias?

I didn’t simply use pooled OLS and it’s unfair to suggest that (as you do on p9). Indeed, in table 1 I include fixed effects in one of the columns (that’s more than you do).

To counter the Anderson-van Wincoop critique you need time-varying country effects; yours are time-invariant. Figure out a better way to handle this problem.

Your sensitivity analysis follows mine very closely (as does your choice of variables, and much else). I consider your paper under-attributed, though I acknowledge that this is personal.