The Development and Testing of Heckscher-Ohlin Trade Models:

A Review

Robert E. Baldwin

The MIT Press
Cambridge, Massachusetts
London, England
Contents

Preface ix

1 Introduction 1
  1.1 The Heckscher-Ohlin Proposition 1
  1.2 General Purpose and Some Conclusions 7

2 The Development of Heckscher-Ohlin Trade Models 15
  2.1 Trade Theory in the 1930s 15
  2.2 The Heckscher-Ohlin-Samuelson (HOS) Model 16
  2.3 The Heckscher-Ohlin-Vanek (HOV) Model 42
  2.4 The "New" Trade Theory and Differentiated Products 50
  2.5 The Helpman Non-Factor Price Equalization Model 52
  2.6 Ohlin on Modern Heckscher-Ohlin Trade Models 56

3 Early Empirical Tests of the Heckscher-Ohlin Proposition 61
  3.1 Factor-Content Tests 62
  3.2 Methodological Criticisms of the Early Factor-Content Tests 68
3.3 Regression Analysis  84  
3.4 Conclusions  86  

4 Multi-country, Multi-factor Tests  89  
4.1 Early Tests with Many Countries  89  
4.2 The Bowen-Leamer-Sveikaukas (BLS) Test of the HOV Model  90  
4.3 Trefler's Tests and the Mystery of the Missing Trade  94  
4.4 The Davis-Weinstein Tests  98  
4.5 Further Contributions  103  
4.6 Conclusions  117  

5 Testing for Stolper-Samuelson, Rybczynski, and Factor Price Equalization Effects  121  
5.1 Stolper-Samuelson Effects  122  
5.2 Rybczynski Effects  148  
5.3 Factor Price Equalization  156  
5.4 Conclusions  168  

6 Conclusions and Related Research Topics  171  
6.1 Successfully Modifying the HO Model  171  
6.2 Further Broadening of the Analytical Framework  175  

Notes  189  
References  203  
Index  217