

Annotated Bibliography of Relevant Articles by Gomory and Baumol

1. A Ricardo model with economies of scale, *C.V. Starr Economic Research Report (New York University)* (Ralph E. Gomory). June 1992, RR # 92-29. This is the most complete and detailed discussion of the scale economies model. The equilibrium model is described in detail and both linear and integer programming approaches are given. Nonspecialized equilibria are discussed in detail.

2. Scale economies, the regions of multiple trade equilibria, and gains from acquisition of industries (Ralph E. Gomory and William J. Baumol), *C.V. Starr Economic Research Report* (New York University), June 1992, RR # 92-10. This report recapitulates the salient features of the scale economies model and introduces the analysis for the case where some industries have economies of scale and some have diseconomies.

3. Toward a theory of industrial policy-retainable industries (Ralph E. Gomory and William J. Baumol), *C.V. Starr Economic Research Report (New York University)*, December 1992, RR # 92-54. This introduces the concept of retainable industry and discusses the related policy implications.

4. A Ricardo model with economies of scale (Ralph E. Gomory), *Journal of Economic Theory*, April 1994, Vol. 62, No. 2, pp. 394–419. This is a publication length version of (1) above. It contains a careful discussion of equilibria and the main methods of calculating them, and their economic meaning.

5. A linear Ricardo model with varying parameters (Ralph E. Gomory and William J. Baumol), *Proceedings of the National Academy of Sciences, USA*, 1995, Vol. 92, pp. 1205–1207. This paper introduces the linear production model, and summarizes the principal results, notably similarity of both equations and results to those already obtained for industries with economies of scale.

6. Inefficient and locally stable trade equilibria under scale economies: Comparative advantage revisited (William J. Baumol and Ralph E. Gomory) published in *KYKLOS, International Review for Social Sciences*, Switzerland, 1996, Vol. 49, Fasc. 4, pp. 509–540. With so many different equilibria in economies of scale models it is natural to ask which of the many POSSIBLE equilibria are efficient. A very careful analysis of the efficiency and degree of efficiency of the various equilibria is given.

7. Productivity differences, world-market shares and conflicting national interests in linear trade models (Ralph E. Gomory and William J. Baumol), *Japan and the World Economy*, International Journal of Theory and Policy, Elsevier Science Publishers B.V. (North Holland), Vol. 9 (1997), pp. 123–150. This is a readable summary of many of the

principal aspects of the economies and linear models with emphasis on the latter. It includes a discussion of the correspondence principle.

8. Analysis of linear trade models and relation to scale economies (Ralph E. Gomory and William J. Baumol), *Proceedings of the National Academy of Sciences, USA*, 1997, Vol. 94, pp. 10002–10005. This paper introduces the integer programming description of the boundaries that gives the boundaries exactly for both large and small models. The correspondence principle is discussed.

9. National trade conflicts caused by productivity changes: The analysis with full proofs (Ralph E. Gomory and William J. Baumol), *C.V. Starr Economic Research Report* (New York University), November 1998, RR # 98-35. This is a very complete discussion of the linear model. It contains the equilibrium conditions, the exact boundary characterization through integer programming, a detailed discussion of the correspondence principle, and actual formulas for the boundaries with symmetric demand. It also introduces a simple diagram making an immediate connection between the structure of a country's industries and the shape of the boundary curve.

10. National trade conflicts caused by productivity changes (Ralph E. Gomory and William J. Baumol), *C.V. Starr Economic Research Report* (New York University), November 1998, RR # 98-36. This is a publication length and more readable version of the article above (9) to which it often refers for proofs and additional material.

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By: Ralph E. Gomory, William J. Baumol

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