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The Rise of Exporting By U.S. Firms*

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Abstract

Although a great deal of ink has been spilled over the consequences of globalization, we do not yet fully understand the causes of increased worldwide trade. Using confidential microdata from the U.S. Census, we document widespread entry into countries abroad by U.S. firms from 1987 to 2006. We show that this extensive margin growth is unlikely to have been due to significant declines in entry costs. We instead find evidence of large roles for telecommunications advances, trade agreements, and foreign income growth in driving these trends.

JEL Classification: F10, F23, F60, L10, L86, M21.

Keywords: globalization, barriers to entry, international trade, information technology.

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