

widespread opposition to recent U.S. proposals to impose a tax on border crossings. Travel purchases already represent a viable alternative to shopping in local markets, and the results of this paper suggest that U.S. retailers are able to exert a substantial influence on the pace of this spending.

which vanishes if  $\bar{p} = p/e$ . Thus,  $\partial g(\cdot) / \partial \gamma^2 > 0$  and  $\partial g(\cdot) / \partial \gamma^2 < 0$  if  $\bar{p} < p/e$  and  $\bar{p} > p/e$ , respectively. This result is independent of  $\theta$  and the consumer's choice problem doesn't depend on uncertainty if  $\bar{p} = p/e$ .

*Proof of Proposition 3.* Differentiating (3) with respect to  $\gamma^2$  yields  $\partial g(\cdot) / \partial \gamma^2 = \frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p}$  and (4) and combining expressions yields  $\frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p} = \frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p}$ .

Thus,  $g(\cdot)$  is increasing in  $\gamma^2$  if  $\bar{p} < p/e$  and decreasing in  $\gamma^2$  if  $\bar{p} > p/e$ . The second bracketed term in the numerator is positive, which implies that  $\partial g(\cdot) / \partial \gamma^2 > 0$  if  $\bar{p} < p/e$  and  $\partial g(\cdot) / \partial \gamma^2 < 0$  if  $\bar{p} > p/e$ .

$$\frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p} = \frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p}$$

Therefore, an increase in  $\gamma^2$  causes an increase in  $g(\cdot)$  if  $\bar{p} < p/e$  and a decrease in  $g(\cdot)$  if  $\bar{p} > p/e$ . In this case,  $\partial g(\cdot) / \partial \gamma^2 > 0$  and  $\partial g(\cdot) / \partial \gamma^2 < 0$ , respectively.

*Proof of Proposition 2.* Uncertainty influences  $g(\cdot)$  by increasing  $\gamma^2$ .

$$\frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p} = \frac{\partial g(\cdot) / \partial \gamma^2}{\partial g(\cdot) / \partial p}$$

Because  $\partial g(\cdot) / \partial \gamma^2 > 0$  and  $\partial g(\cdot) / \partial p > 0$ , an increase in  $\gamma^2$  lowers  $g(\cdot)$ , which by Proposition 1, leads to a decline in  $y$  as maintained in part a.