

عنوان مقاله:

A Perfect Specialization Model for Gravity Equation in Bilateral Trade based on Production Structure

محل انتشار:

مطالعات بین المللی اقتصاد, دوره 45, شماره 2 (سال: 1394)

تعداد صفحات اصل مقاله: 8

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خلاصه مقاله:

Although initially originated as a totally empirical relationship to explain the volume of trade between two partners, gravity equation has been the focus of several theoretic models that try to explain it. Specialization models are of great importance in providing a solid theoretic ground for gravity equation in bilateral trade. Some research papers try to improve specialization models by adding imperfect specialization to model, but we believe it is unnecessary complication. We provide a perfect specialization model based on the phenomenon we call tradability, which overcomes the problems with simpler initial. We provide empirical evidence using estimates on panel data of bilateral trade of 40 countries over 10 years that support the theoretical model. The empirical results have implied that tradability is the only reason for deviations of data from basic perfect specialization models. JEL Classification: F11, F14, C23, E23

کلمات کلیدی:

Bilateral Trade, Gravity Equation, Perfect Specialization, Tradability

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