

Title: Estimating Gravity Coefficients with Multiple Layers of Heterogeneity

Speaker: Sajal Lahiri, Southern Illinois University Carbondale

Area: Economics

Date: 02.02.2023, Venue: P11 @ 4PM

Abstract:

We estimate a gravity model for 205 countries over the period 1954-2014, allowing for multiple layers of heterogeneity. The first layer arises from the interactions between the gravity variables. The second one comes from country pairs that differ in values of binary gravity variables. Further layers come from different income groups and regions. Our results show the importance of heterogeneities at various levels. For instance, landlockedness is less restrictive when trading partners are contiguous; language elasticity of trade is lower when contiguous countries trade, and when they are colonially linked. We also find, for example, that the positive interaction between contiguity and landlockedness is more pronounced when the importing countries are not high-income ones; the negative interaction between language and contiguity is more pronounced when the importing countries are from South Asia; the negative interaction between contiguity and colonial links is stronger when the importing countries are from Sub-Saharan Africa.

Speaker Profile:



Sajal Lahiri, PhD from the Indian Statistical Institute (1977); worked at the University of Essex (1978-2002); since 2002 holds an endowed chair at the Southern Illinois University Carbondale. Written extensively on issues related to international and development economics; was a member of the Restrictive Practices Court in the UK to hear a case on Retail Price Maintenance involving medicaments.

Webpage Link: <https://academics.siu.edu/business/economics/faculty/lahiri-sajal.php>