

Vous êtes invité à la prochaine réunion du

SEMINAIRE ECONOMIQUE DE LOUVAIN



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fera un exposé sur

**Gravity and information : heterogeneous firms, exporter networks
and the « distance puzzle »**

Abstract

Distance effects in empirical gravity equations appear to be too high to be explained by transport costs alone. Moreover, despite strong decreases in transportation and communication costs, the estimated coefficients are rather increasing than decreasing over the last six decades. To address the two dimensions of this 'distance puzzle', this paper proposes a model of international trade in which heterogeneous firms create informational networks to reduce their fixed costs of exporting. Since variable trade costs (distance) affect the number of exporters, which in turn affects the available information, the fixed costs of exporting are endogenously increasing in distance. The model delivers higher predictions for distance effects than existing theories. In addition, it shows that a quality improvement of the networks over time can explain increasing distance elasticities. I complement these theoretical results with an empirical exercise which suggests that, in the light of the model, the role of distance found in the empirical gravity literature is considerably less puzzling than previously thought. Remarkably, the model also (a) accounts for recent empirical evidence that average sales per product per firm are increasing in distance and decreasing in market size and (b) implies effects of firm heterogeneity and market structure on distance effects that are supported by existing empirical evidence.

Le séminaire aura lieu le jeudi 20 mars 2008 à 16h30,
Bâtiment Dupriez – d144
Place Montesquieu, 3 - 1348 Louvain-la-Neuve

Renseignements : Hylke.Vandenbussche