Traditional Gravity Estimates

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | (1.1) OLS | (1.2) OLS | (2) OLS | (3) OLS | (4) PPML |
|  | with proxies | with real GDP | with MRT | with FE |  |
| Intercept | -8.184 \*\*\* | -13.016 \*\*\* | -21.911 \*\*\* |  |  |
|  | (0.220) | (0.230) | (0.365) |  |  |
| Log output | 0.888 \*\*\* |  | 0.948 \*\*\* |  |  |
|  | (0.004) |  | (0.004) |  |  |
| Log expenditure | 0.758 \*\*\* |  | 0.836 \*\*\* |  |  |
|  | (0.005) |  | (0.005) |  |  |
| Log exporter GDP |  | 1.007 \*\*\* |  |  |  |
|  |  | (0.005) |  |  |  |
| Log importer GDP |  | 0.802 \*\*\* |  |  |  |
|  |  | (0.005) |  |  |  |
| Log distance | -1.207 \*\*\* | -1.247 \*\*\* | -1.183 \*\*\* | -1.465 \*\*\* | -0.812 \*\*\* |
|  | (0.019) | (0.019) | (0.018) | (0.019) | (0.035) |
| Language | 0.619 \*\*\* | 0.660 \*\*\* | 0.647 \*\*\* | 0.500 \*\*\* | 0.150 \* |
|  | (0.051) | (0.052) | (0.048) | (0.039) | (0.075) |
| Colonizer | -0.076 | 0.342 \*\*\* | 0.061 | 0.820 \*\*\* | 0.195 |
|  | (0.059) | (0.063) | (0.056) | (0.049) | (0.146) |
| Colonial relation | 2.625 \*\*\* | 2.293 \*\*\* | 2.413 \*\*\* | 1.726 \*\*\* | 0.211 |
|  | (0.110) | (0.123) | (0.107) | (0.146) | (0.245) |
| Legal origins before 1991 | 0.627 \*\*\* | 0.715 \*\*\* | 0.584 \*\*\* | 0.453 \*\*\* | 0.392 \*\*\* |
|  | (0.057) | (0.054) | (0.053) | (0.040) | (0.086) |
| Legal origins after 1991 | -0.639 \*\*\* | -0.795 \*\*\* | -0.574 \*\*\* | -0.323 \*\*\* | -0.268 \*\* |
|  | (0.053) | (0.049) | (0.049) | (0.039) | (0.088) |
| Religion | 0.130 | 0.143 \* | 0.121 \* | 0.400 \*\*\* | 0.022 |
|  | (0.066) | (0.064) | (0.061) | (0.050) | (0.116) |
| GATT/WTO |  |  |  | 0.171 \*\*\* | 0.130 |
|  |  |  |  | (0.047) | (0.235) |
| Exporter remoteness |  |  | -0.222 \*\*\* |  |  |
|  |  |  | (0.003) |  |  |
| Importer remoteness |  |  | 0.544 \*\*\* |  |  |
|  |  |  | (0.008) |  |  |
| N | 293418 | 267856 | 293418 | 293418 | 449911 |
| Fixed Effects | No | No | No | Yes | Yes |
| R^2 | 0.536 | 0.563 | 0.564 | 0.742 |  |
| pseudo R^2 |  |  |  |  | 0.945 |
| Notes: Statistics based on author's calculations. All estimates are obtained with data for the period from 1965 to 2020 with 3-year intervals. Standard errors are clustered by country pair and are reported in parentheses. \*\*\* p < 0.001; \*\* p < 0.01; \* p < 0.05 | | | | | |