Traditional Gravity Estimates

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (1) OLS | (2) OLS | (3) OLS | (4) PPML |
|  |  | Remoteness | Fixed Effects | Fixed Effects |
| Intercept | -11.283 | -20.258 |  |  |
|  | (0.296) | (1.639) |  |  |
| Log Distance | -1.002 | -1.116 | -1.216 | -0.841 |
|  | (0.027) | (0.033) | (0.038) | (0.032) |
| Contiguity | 0.574 | 0.381 | 0.223 | 0.438 |
|  | (0.185) | (0.178) | (0.203) | (0.085) |
| Common language | 0.802 | 0.728 | 0.661 | 0.246 |
|  | (0.082) | (0.081) | (0.082) | (0.078) |
| Colony | 0.735 | 0.824 | 0.670 | -0.223 |
|  | (0.144) | (0.147) | (0.149) | (0.118) |
| Log output | 1.190 | 1.208 |  |  |
|  | (0.009) | (0.010) |  |  |
| Log expenditure | 0.908 | 0.893 |  |  |
|  | (0.010) | (0.010) |  |  |
| Exporter remoteness |  | 0.524 |  |  |
|  |  | (0.089) |  |  |
| Importer remoteness |  | 0.296 |  |  |
|  |  | (0.063) |  |  |
| N | 25689 | 25689 | 25689 | 25689 |
| R2 | 0.759 | 0.760 | 0.843 |  |
| logLik | -50720 | -50649 | -45171 | -2182850 |
| AIC | 101455 | 101316 | 92004 | 4367361 |
| Exporter-time fixed effects | No | No | Yes | Yes |
| Importer-time fixed effects | No | No | Yes | Yes |
| Notes: Statistics based on author's calculations. All estimates are obtained with data for the years 1986, 1990, 1994, 1998, 2002, and 2006. Columns (1)-(3) use the OLS estimator. Column (1) does not control for the multilateral resistances. Column (2) uses remoteness indexes to control for multilateral resistances. Column (3) uses importer-time and exporter-time fixed effects, whose estimates are omitted for brevity, to control for multilateral resistances. Finally, column (4) employs the PPML estimator. Standard errors are clustered by country pair and are reported in parentheses. | | | | |