Seminario 489. Intra and inter-industry misallocation and comparative advantage

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Entrada libre. Indispensable inscribirse en el siguiente vínculo: Inscripciones

Hora: 12:00 m. (refrigerio) y 12:30 p. m. (inicio del seminario)

Tiempo de exposición: 12:30 p. m. a 2:00 p. m.

Lugar: Banco de la República, carrera 7 # 14-78, piso 13 (Sala de prensa), Bogotá D. C.

Idioma de la exposición: español

Resumen del documento: How does allocative inefficiency affect a country's comparative advantage? This paper investigates how factor misallocation across firms, both within and across industries, can impact the core determinants of an industry export capability: its average productivity, the cost of inputs and the number of varieties produced in the sector. For this purpose, I use a tractable general equilibrium model of international trade with endogenous selection in which the allocation of factors across heterogeneous firms is inefficient. A counterfactual equilibrium is obtained after removing allocative inefficiency in a country, to evaluate the impact of factor misallocation on the country's comparative advantage. The exercise is performed using a rich sample of countries, tradable sectors and production factors, for the observed misallocation in Colombia. Results suggest that allocative inefficiency plays a significant role in shaping export capabilities. The dispersion of Colombian counterfactual comparative advantage increases, indicating higher degrees of industrial specialization. The changes in comparative advantage depend on the relative dispersion of the returns of factors used more intensively in each industry, and how misaligned the average returns are across industries. The adjustment in the extensive margin - the number of varieties -, is the main force driving the results.

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