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# IMF Working Paper

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## Trade Openness and Growth: Pursuing Empirical *Glasnost*

*Andreas Billmeier and Tommaso Nannicini*

**IMF Working Paper**

Middle East and Central Asia Department

**Trade Openness and Growth: Pursuing Empirical *Glasnost***

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**Abstract**

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Studies of the impact of trade openness on growth are based either on cross-country analysis—which lacks transparency—or case studies—which lack statistical rigor. We apply transparent econometric methods drawn from the treatment evaluation literature to make the comparison between treated (i.e., open) and control (i.e., closed) countries explicit while remaining within a unified statistical framework. First, matching estimators highlight the rather far-fetched country comparisons underlying common cross-country results. When appropriately restricting the sample, we confirm a positive and significant effect of openness on growth. Second, we apply synthetic control methods—which account for endogeneity due to unobservable heterogeneity—to countries that liberalized their trade regime, and we show that trade liberalization has often had a positive effect on growth.

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## Contents

I.	Introduction . . . . .	<a href="#">4</a>
II.	Literature Review . . . . .	<a href="#">6</a>
	A. Empirical Studies on Trade Openness and Growth . . . . .	<a href="#">6</a>
	B. Empirical Studies Applying Matching Estimators to Macro Data . . . . .	<a href="#">7</a>
III.	Data and Variables of Interest . . . . .	<a href="#">8</a>
IV.	Cross-Country Analysis and Matching Estimators . . . . .	<a href="#">9</a>
	A. Methodology . . . . .	<a href="#">9</a>
	B. The Unbearable Lightness of Cross-Country Estimates . . . . .	<a href="#">11</a>
	C. Refined Evidence in Selected Regions . . . . .	<a href="#">13</a>
V.	Comparative Studies and Synthetic Control Methods . . . . .	<a href="#">15</a>
	A. Methodology . . . . .	<a href="#">15</a>
	B. Openness and Growth in MCD Countries . . . . .	<a href="#">16</a>
VI.	Conclusions and Extensions . . . . .	<a href="#">18</a>
	Appendix . . . . .	<a href="#">44</a>
1.	Appendix I. Treated and Control Countries by Region . . . . .	<a href="#">44</a>
	A. A. Period 1991–2000 . . . . .	<a href="#">44</a>
	B. B. Period 1981–90 . . . . .	<a href="#">45</a>
	C. C. Period 1971–80 . . . . .	<a href="#">46</a>
	D. D. Period 1961–70 . . . . .	<a href="#">47</a>
	References . . . . .	<a href="#">48</a>

## Tables

1.	Openness and Growth, Cross-Country Evidence (I), 1950-98 . . . . .	<a href="#">19</a>
2.	Openness and Growth, Cross-Country Evidence (II), 1961-2000 . . . . .	<a href="#">20</a>
3.	Cross-Country Matches, Treated Countries, 1991-2000 . . . . .	<a href="#">21</a>
4.	Cross-Country Matches, Control Countries, 1991-2000 . . . . .	<a href="#">22</a>
5.	Cross-Country Matches, Treated Countries, 1981-90 . . . . .	<a href="#">23</a>
6.	Cross-Country Matches, Control Countries, 1981-90 . . . . .	<a href="#">24</a>
7.	Cross-Country Matches, Treated Countries, 1971-80 . . . . .	<a href="#">25</a>
8.	Cross-Country Matches, Control Countries, 1971-80 . . . . .	<a href="#">26</a>
9.	Cross-Country Matches, Treated Countries, 1961-70 . . . . .	<a href="#">27</a>
10.	Cross-Country Matches, Control Countries, 1961-70 . . . . .	<a href="#">28</a>
11.	Openness and Growth, Refined Evidence (I), 1961-2000 . . . . .	<a href="#">29</a>
12.	Openness and Growth, Refined Evidence (II), 1961-2000 . . . . .	<a href="#">30</a>
13.	Economic Growth Predictor Means in the Pre-Treatment Period . . . . .	<a href="#">31</a>

## Figures

1.	Common support for investment share, 1991-2000 . . . . .	<a href="#">32</a>
2.	Common support for secondary school enrollment, 1991-2000 . . . . .	<a href="#">32</a>
3.	Common support for investment share, 1981-90 . . . . .	<a href="#">33</a>
4.	Common support for secondary school enrollment, 1981-90 . . . . .	<a href="#">33</a>
5.	Common support for investment share, 1971-80 . . . . .	<a href="#">34</a>
6.	Common support for secondary school enrollment, 1971-80 . . . . .	<a href="#">34</a>
7.	Common support for investment share, 1961-70 . . . . .	<a href="#">35</a>
8.	Common support for secondary school enrollment, 1961-70 . . . . .	<a href="#">35</a>
9.	Trends in Real GDP Per Capita, Georgia vs. Synthetic Control - Case A . . . . .	<a href="#">36</a>
10.	Trends in Real GDP Per Capita, Georgia vs. Synthetic Control - Case B . . . . .	<a href="#">36</a>
11.	Trends in Real GDP Per Capita, Armenia vs. Synthetic Control - Case A . . . . .	<a href="#">37</a>
12.	Trends in Real GDP Per Capita, Armenia vs. Synthetic Control - Case B . . . . .	<a href="#">37</a>
13.	Trends in Real GDP Per Capita, Azerbaijan vs. Synthetic Control - Case A . . . . .	<a href="#">38</a>
14.	Trends in Real GDP Per Capita, Azerbaijan vs. Synthetic Control - Case B . . . . .	<a href="#">38</a>
15.	Trends in Real GDP Per Capita, Tajikistan vs. Synthetic Control - Case A . . . . .	<a href="#">39</a>
16.	Trends in Real GDP Per Capita, Uzbekistan vs. Synthetic Control - Case A . . . . .	<a href="#">39</a>
17.	Trends in Real GDP Per Capita, Morocco vs. Synthetic Control - Case A . . . . .	<a href="#">40</a>
18.	Trends in Real GDP Per Capita, Morocco vs. Synthetic Control - Case B . . . . .	<a href="#">40</a>
19.	Trends in Real GDP Per Capita, Tunisia vs. Synthetic Control - Case A . . . . .	<a href="#">41</a>
20.	Trends in Real GDP Per Capita, Tunisia vs. Synthetic Control - Case B . . . . .	<a href="#">41</a>
21.	Trends in Real GDP Per Capita, Mauritania vs. Synthetic Control - Case A . . . . .	<a href="#">42</a>
22.	Trends in Real GDP Per Capita, Mauritania vs. Synthetic Control - Case B . . . . .	<a href="#">42</a>
23.	Trends in Real GDP Per Capita, Egypt vs. Synthetic Control - Case A . . . . .	<a href="#">43</a>
24.	Trends in Real GDP Per Capita, Egypt vs. Synthetic Control - Case B . . . . .	<a href="#">43</a>