

The relationship between the international-openness along with the industrial network and economic activity of each country

Topic:

Author: Shunsuke OKAMOTO

Co-Authors: Kayoko SHIRONITTA

Nowadays, many studies about international trade and economic activity have contributed to the understanding of globalization. Studies about the relationship between economic activity and trade openness tend to treat a country as a unit of economic activity. On the other hand, Input-Output table, which enable us to consider the world-wide supply-chain, offers us features of many kinds of industry. When we mix the IO table and long-term viewpoint, we can get close to the nature about the effect of international trade on our economy.

The method used in the research is regression analysis. As the explanatory variable, we calculate an indicator which can measure how internationally-widely the industrial networks are extended, employing IO table. In order to define it, we use the sum of domestic transactions through the entire supply-chain and the sum of domestic and international transactions through the entire supply-chain.

The data used in the research is Long-run World Input-Output Database: Version 1.1. The data includes the industrial transactions among 23 industries of 25 countries from 1965 to 2000.

The original contribution of this research is we present evidence that the faster the international trade progresses with globalization, the wealthier each country gets.