ISLANDS AS `BAD' GEOGRAPHY. INSULARITY, CONNECTEDNESS, TRADE COSTS AND TRADE

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ISLANDS AS ‘BAD GEOGRAPHY’.
INSULARITY, CONNECTEDNESS, HISTORY AND TRADE COSTS

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Abstract

In this paper we explore the geographical dimension of insularity, measuring its effect on a comprehensive measure of trade costs (Novy 2012). Controlling for other geographical characteristics, connectedness (spatial proximity) and the role of historical events in shaping modern attitudes towards openness (measured through a quantification of routes descriptions in logbooks between 1750 and 1850), we give evidence that to be an island is not (too) bad per se in terms of trade costs. ‘Bad geography’ can be attenuated by spatial and historical connectedness, open institutions and culture.

Keywords: Islands, Geography, Connectedness, Trade, Gravity model, Historical trade routes.

JEL Classification: F10, F14.

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