

# Do Cultural Differences Affect the Trade of Cultural Goods? -A study in Trade of Music-

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–Abstract–

This paper investigates the relationship between cultural difference and trade of music using a gravity model of trade. To capture the cultural differences, we classify the countries into several groups and define the cultural differences, according to the ethnomusicological classification. We conjecture that trade in music is greater between two countries with greater cultural familiarity controlling other conditions being equal, and to confirm our conjecture, we use the gravity model of trade that is utilized to analyze the structure of trade. The traditional version of gravity model gives inconsistent parameter estimates, since it suffers from the selectivity bias due to the existence of a large number of non-trading country pairs, and endogeneity due to the heterogeneous exporting ability of producers. We introduce a variant of selection correction terms to circumvent the problems. In addition to traditional determinants and selection correction terms in the gravity equation, we find that cultural difference has a significant influence on the trading decision and the volume of music trade.

*Keywords:* cultural goods, international trade, gravity equation, sample  
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