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DISTRIBUTED LAGS AND INTERMEDIATE GOOD IMPORTS

by

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ABSTRACT

In this paper we draw upon some recent developments in the theory of dynamic economics and econometrics to characterize the time series behavior of intermediate good imports. It is shown that adjustment costs, delivery lags, and inventory holding costs considerations lead to distributed lag import demand functions that are not subject to the Nerlove [1972] and Lucas [1976] critiques of ad hoc and fixed distributed lag modelling.

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