

Volume 28, Issue 7**Research Announcement****The estimation of the elasticity of substitution of a CES production function :
Case of Tunisia**

haykel Hadj Salem
GAINS - University of Maine

Abstract

This paper proposes to estimate the elasticity of substitution resulting from the CES production function. The majority of the modeller borrow these elasticities of the literature within the framework of the construction of their Computable General Equilibrium models. This choice is carried out because of the non-availability and/or the shortage of the statistics of the economies in question. In the aim to change the tradition of certain modellers, we try through this document to present an estimate of elasticity of substitution resulting from the CES production function applied to the Tunisian economy. During this estimation, we use the statistical data of the period 1983-1994 for 14 sectors which produce tradable goods. Because the production of these goods use two factors of production, namely labour and capital. We used the method of Non-linear Least Squares(NLS)to be able to estimate elasticity of substitution of each sector using the GAMS software.

Completed draft available on request from:

haykel Hadj Salem
GAINS - University of Maine
haykelh@yahoo.fr