



NEWSLETTER 2021-02

CALENDAR:

Departmental Seminar

Udo Kreickemeier (University Göttingen):
Exporting and Offshoring with Monopsonistic Competition

Monday, Jan 25
16:00-17:30
Zoom-meeting

IOS/UR Seminar (Prof. Frensch)

Geoff Pugh and Adnan Efendic (Staffordshire
University/University of Sarajevo):
*The effect of ethnic diversity on income – an empirical
investigation using survey data from a post- conflict environment*

Tuesday, Jan 26
13:30-15:00
Zoom-meeting

Lunch Seminar

Michael Heyna (University Regensburg):
*Low-Wage Competition: Pains from Trade for Medium-Wage
Countries*

Wednesday, Jan 27
12:00-13:30
Zoom-meeting

ABSTRACTS AND FURTHER INFORMATION:

Departmental Seminar

Udo Kreickemeier:

Exporting and Offshoring with Monopsonistic Competition

(joint Work with Hartmut Egger, Christoph Moser and Jens Wrona)

Abstract: We develop a model of international trade with a monopsonistically competitive labour market in which firms employ skilled labour for headquarter tasks and unskilled workers to conduct a continuum of production tasks. Firms can enter foreign markets through exporting and through offshoring, and we show that due to monopsonistic competition our model makes sharply different predictions, both at the firm level and at the aggregate level, about the respective effects of the export of goods and the offshoring of tasks. At the firm-level, exporting leads to higher wages and employment, while offshoring of production tasks reduces the wages paid to unskilled workers as well as their domestic employment. At the aggregate level, trade in goods is unambiguously welfare increasing since domestic resources are reallocated to large firms with high productivity, and firms with low productivities exit the market. This reduces the monopsony distortion present in autarky, where firms restrict employment to keep wages low, resulting in too many firms that are on average too small. Offshoring on the other hand gives firms additional scope for exercising their monopsony power by reducing their domestic size, and as a consequence the resources spent on it can be wasteful from a social planner's point of view, leading to a welfare loss.

Info:

Zoom Link: <https://uni-regensburg.zoom.us/j/92822525842?pwd=YTdPY2l1RHJGK2NjSitxOEpYbU5Edz09>

Meeting-ID: 928 2252 5842

Password: 581926

IOS/UR Seminar (Prof. Frensch)

Geoff Pugh and Adnan Efendic:

The effect of ethnic diversity on income – an empirical investigation using survey data from a post- conflict environment

Abstract: This empirical study is based on nationally representative cross-sectional survey data gathered to investigate the effect of ethnic diversity on personal and family incomes in Bosnia and Herzegovina (BiH), a post-conflict society. The 1992–1995 conflict was harmful for ethnic diversity. Yet, two decades later, where it still exists, ethnic diversity gives rise to positive economic consequences. After controlling for other influences, the authors find lower probabilities of respondents in ethnically diverse neighbourhoods being in the lowest income categories but higher probabilities of being in medium and higher income categories. The largest effects are the reduced probabilities of respondents reporting no income, and are thus particularly relevant to poverty reduction. At the limit, their estimates imply an income gap of more than 20 per cent between a counter-factual completely heterogeneous environment and a counter-factual completely homogeneous environment. Policy makers in this post-conflict country, and in similar environments elsewhere, should take into consideration the economic costs of policies supporting ethnic homogeneity over diversity.

Info:

Zoom Link: <https://ios-regensburg-de.zoom.us/j/87119093552>

Meeting ID: 871 1909 3552

Lunch Seminar

Michael Heyna:

Low-Wage Competition: Pains from Trade for Medium-Wage Countries

Abstract: The entry of a low-wage country into a world economy with pre-existing wage differentials puts the gains from trade in a former low-wage and then medium-wage country under pressure. If negotiations over the formation of a free trade area cover international transfers, there is a strong presumption that they bring about global free trade and compensation of the medium-wage country if necessary. In the absence of international transfers, by contrast, the medium-wage country is not compensated when global free trade causes a reduction in its gains from trade, and it may even happen that it is not part of the equilibrium free trade area.

Info:Zoom Link: <https://uni-regensburg.zoom.us/j/92822525842?pwd=YTdPY2l1RHJGK2NjSitxOEpybU5Edz09>

Meeting-ID: 928 2252 5842

Password: 581926

We gratefully acknowledge financial support of the Departmental Seminar by the Regensburger Universitätsstiftung Hans Vielberth.

**RegensburgEconNews**

Newsletter of the Institute of Economics and Econometrics, University of Regensburg

To subscribe to / unsubscribe from this newsletter, please go to <https://www-mailman.uni-regensburg.de/mailman/listinfo/regensburgeconnews> or send an email to econ.news@ur.de

Editorial deadline for Newsletter No. 2021-03:
Wednesday, January 27 – 11 am

FAKULTÄT FÜR WIRTSCHAFTSWISSENSCHAFTEN

INSTITUT FÜR
VOLKSWIRTSCHAFTSLEHRE UND
ÖKONOMETRIE

Universitätsstraße 31 ■ 93040 Regensburg

Newsletter-Redaktion:

Telefon: +49 941 943-2710

Fax: +49 941 943-2734

E-Mail: econ.news@ur.deInternet: <https://go.ur.de/econ-news>Bildnachweis: http://commons.wikimedia.org/wiki/File:Regensburg_08_2006.jpg