



## NEWSLETTER 2016-26

## CALENDAR:

**Departmental Seminar**

Michael Pflüger (University of Würzburg)  
*Comparative Advantage and Agglomeration of  
Economic Activity*

Monday, December 5  
16:30–18:00  
VG H26

**IOS Seminar**

Miriam Frey (IOS)  
*Steps of contract enforcement: The Lawyer's Guide for the  
Applied Economist*

Tuesday, December 6  
13:30–15:00  
WiOS 109 (Landshuter Str. 4)

**Economic and Social History Seminar**

Mark Spoerer (University of Regensburg)  
*Von einer NS-Autarkiegründung zum Exportunternehmen:  
Die Entwicklung des Chemiefaserwerks in Kelheim von der  
Gründung 1935 bis zur Übernahme durch die Farbwerke  
Hoechst 1968*

Wednesday, December 7  
18:00–20:15  
PT 1.0.6

**ABSTRACTS:****Departmental Seminar**

Michael Pflüger

*Comparative Advantage and Agglomeration of Economic Activity*

(joint work with Takatoshi Tabuchi)

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*Abstract:* The division of labor between and within countries is driven by two fundamental forces, comparative advantage and increasing returns. We set up a simple Ricardian model with a Marshallian input sharing mechanism to study their interplay. The key insight that emerges is that the interaction between agglomeration economies and comparative advantage involves a fundamental tension which is intricately affected by trade costs. A reduction of trade costs fosters the dispersive impact of comparative advantage in sectors governed by this force whilst the impact of agglomeration economies is enhanced by trade cost reductions in the increasing returns sector. The key implication for international trade is that the wage ratio between large and small economies is not only shaped by the primitives that determine agglomeration economies and comparative advantage but also, and differentially, by the sectoral levels of trade costs. The fundamental implication for an economic geography context where labor is mobile across locations is that partial agglomeration emerges when agglomeration economies are strong relative to comparative advantage, and this is more likely the lower are trade costs in increasing returns sectors and the higher are trade costs in sectors governed by comparative advantage. The model may serve as a foundation for an urban system where the endogenously emerging larger city exhibits more diversity in production.

**IOS Seminar**

Miriam Frey

*Steps of contract enforcement: The Lawyer's Guide for the Applied Economist*

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*Abstract:* The recent empirical literature on international trade has highlighted the importance of the quality of institutions as trade flows and trade patterns react to legal settings. Economists usually refer to these institutions as the rule of law. This concept encompasses various aspects of legal institutions such as property rights, corruption and contract enforcement. At the same time, the rule of law is often only covered by a single indicator in empirical economic studies. We argue that it is worth to have a closer look especially at the different steps of contract enforcement (1. constitution of rights and obligations in the phase of contract drafting 2. ways to a judgment 3. enforcement of a judgment) when studying international trade issues as transnational contracts on the delivery of goods and services require an interaction between the legal systems of different countries. Therefore, the aim of this paper is to critically assess the role of the enforceability of transnational contracts in empirical trade analyses.

## Economic and Social History Seminar

Mark Spoerer

*Von einer NS-Autarkiegründung zum Exportunternehmen: Die Entwicklung des Chemiefaserwerks in Kelheim von der Gründung 1935 bis zur Übernahme durch die Farbwerke Hoechst 1968*

*Abstract:* Im Rahmen ihrer Autarkiepolitik setzte die NS-Regierung auf den Ersatz importierter Baumwolle durch heimische Zellwolle. 1935 veranlasste sie die deutsche Textilindustrie zur Gründung von fünf regionalen Zellwollfabriken im Dritten Reich, darunter auch in Kelheim. In der Literatur wird dies häufig als staatlich erzwungene Investition gedeutet. Interne Dokumente zeigen jedoch, dass die Textilindustrie mit den regionalen Werken das Duopol von IG Farben und den Vereinigten Glanzstoffwerken auf dem Zellwollemarkt durchbrechen konnte. Obwohl zur Importsubstitution gegründet, erwies sich das Kelheimer Werk in der Nachkriegszeit als ausgesprochen profitables Exportunternehmen. Erst 1968 verlor es seine Selbständigkeit, da es für die Investitionen im weltweiten Wettbewerb zu klein war.

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