

**Программа международного научного семинара
«Imperfect Competition and Spatial Economics: Theoretical and Empirical
Aspects»
08 – 15 февраля 2014 г.**

8 февраля, суббота

12.00 – 14.00. Открытие семинара. Обсуждение проектов Лаборатории в рамках данного направления исследований.

15.00 – 16.30. Научный семинар. Доклад С. Г. Коковина (НИУ ВШЭ, НГУ). «Losses from trade in Krugman's model under endogenous technology». Обсуждение доклада.

Abstract. Examining a standard monopolistic competition model with unspecified utility/cost functions (variable technology), we find necessary and sufficient conditions on their elasticities for welfare losses in an expanding market (i.e., emerging trade). Two numerical examples explain the losses: excessive or insufficient entry of firms is aggravated by market growth.

18:00. Торжественный ужин для участников семинара.

10 февраля, понедельник

11.00 – 12.30. Научный семинар. Доклад Я. Мурата (Университет Нихона, Япония) «Distorted monopolistic competition». Обсуждение доклада.

Abstract. We develop a novel general equilibrium model of monopolistic competition in which firms and sectors are heterogeneous. Firms differ by their productivity and markups, whereas sectors differ by their expenditure and employment. Comparing the market equilibrium to the first- and second-best allocation, we characterize the intra- and inter-sectoral distortions that arise in the economy. We propose a method of quantifying those distortions and apply it to the firm-level data.

12.30 – 13.00. Кофе-брейк.

13.00 – 14.30. Научный семинар. Доклад А. Ошарина (НИУ ВШЭ – Нижний Новгород). «Monopolistic competition and income dispersion». Обсуждение доклада.

Abstract. We develop a model of monopolistic competition that accounts for consumers' heterogeneity in both incomes and preferences. This model makes it possible to study the implications of income redistribution on the toughness of competition. We show how the market outcome depends on the joint distribution of consumers' tastes and incomes and obtain a closed-form solution for a symmetric equilibrium. Competition toughness is measured by the weighted average elasticity of substitution. Income redistribution generically affects the market outcome, even when incomes are redistributed across consumers with different tastes in a way such that the overall income distribution remains the same.

16.00 – 18.00. Консультации и обсуждение проектов Лаборатории в рамках данного направления исследований.

11 февраля, вторник

11.00 – 12.30. Научный семинар. Доклад Ф. Ущева (НИУ ВШЭ). «Towards a general theory of monopolistic competition». Обсуждение доклада.

Abstract. We propose a general model of monopolistic competition, which encompasses existing models while being flexible enough to take into account new demand and competition features. Using the concept of Frechet differentiability, we determine a general demand system. The basic tool we use to study the market outcome is the markup function, which depends on both the individual consumption level and total mass of available varieties. We derive mild and intuitive conditions on the markup function, which are sufficient for an increase in individual income or in population size shift prices (outputs) downwards (upwards). Both higher incomes and larger population invite more firms to enter the market. In addition, we find that pass-through in our model is incomplete, except for the case when preferences are homothetic. Finally, we argue that CES is not the only possible case when symmetric free entry equilibrium is socially optimal.

12.30 – 13.00. Кофе-брейк.

13.00 – 14.30. Научный семинар. Доклад А. Тарасова (Университет Мюнхена, Германия) «Trade and the spatial distribution of transport infrastructure». Обсуждение доклада.

Abstract. This paper endogenizes the spatial distribution of infrastructure investment and transportation costs. Transportation costs between two addresses depend on cumulative infrastructure investment. In a continuous space setting with several independent countries or regions, consumers demand domestic and foreign goods, while central planners care only about welfare of their own constituencies. The equilibrium of the game between countries features under-investment and excessive spatial variation. The distribution of infrastructure is skewed towards central regions, rationalizing the non-linear trade-impeding role of distance in empirical gravity models and the so called border puzzle. We find that the endogenous allocation of infrastructure investment magnifies small discrete border frictions and creates 'border regions' within countries. Privatizing infrastructure provision does not solve the problem. French data on transportation costs and an empirical gravity model for trade between US states motivate and corroborate our theory.

16.00 – 18.00. Консультации и обсуждение проектов Лаборатории в рамках данного направления исследований.

12 февраля, среда

11.00 – 12.30. Научный семинар. Доклад В. Буатье (Университет Париж 1, Франция) «The role of labor market in urban sprawl». Обсуждение доклада.

Abstract. In the present article, I draw a link between urban sprawl and the structure of the labor market by constructing a urban labor model with housing consumption, a social planner problem and where spatial allocation of workers is directed by a Nash equilibrium in the context of a Potential game. Two relevant results appear. First, an endogenous closed form solution for urban sprawl is obtained where the role of each labor parameter is unambiguous. Second, I underscore that urban

density in the decentralized economy is inefficient because firms compensate too much workers for their spatial costs.

12.30 – 13.00. Кофе-брейк.

13.00 – 14.30. Научный семинар. Доклад К. Бехренса (НИУ ВШЭ и Университет Квебека в Монреале, Канада) «The Determinants of Agglomeration Redux: Transportation, Trade, and Input-Output Linkages». Обсуждение доклада.

Abstract. We study the determinants of agglomeration of Canadian manufacturing industries from 1990 to 2009. In so doing, we revisit the seminal contribution by Rosenthal and Strange (2001, “The determinants of agglomeration”, *J Urban Econ* 50(2), 191–229) using a long panel and continuous measures of localization. We pay particular attention to the role of transportation costs – constructed using extensive Canadian trucking microdata – international trade exposure, and input sharing – constructed using micro-geographic location patterns of plants. We find that between 1990 and 2009, industry localization has persistently fallen. The average degree of localization decreased by 36% within 10km, by 22.6% within 100km, and by 11.3% within 500km. Declining localization is associated with import competition, particularly from low wage countries, increasing transportation costs and the spreading out of upstream input suppliers and downstream demand for intermediate inputs. While we find strong evidence of trade- and transportation-driven changes in localization, we find less strong evidence for knowledge spillovers and for labour market pooling as drivers in changes in localization.

16.00 – 18.00. Консультации и обсуждение проектов Лаборатории в рамках данного направления исследований.

13 февраля, четверг

11.00 – 12.30. Научный семинар. Доклад Ж.-Ф. Тисса (НИУ ВШЭ и Католический Университет Лювена, Бельгия) «Technological Progress and Economic Geography». Обсуждение доклада.

Abstract. New economic geography focuses on the impact of falling transport costs on the spatial distribution of activities. However, it disregards the role of technological

innovations, which are central to modern economic growth, as well as the role of migration costs, which are a strong impediment to moving. We show that this neglect is unwarranted. Regardless of the level of transport costs, rising labor productivity fosters the agglomeration of activities, whereas falling transport costs do not affect the location of activities. When labor is heterogeneous, the number of workers residing in the more productive region increases by decreasing order of productive efficiency when labor productivity rises.

12.30 – 13.00. Кофе-брейк.

13.00 – 14.30. Научный семинар. Доклад А. Шепотило (НИУ ВШЭ) «Deregulation and productivity: selection or within-firm effect?». Обсуждение доклада.

Abstract. In the literature, trade liberalization increases industry productivity through two channels. First, firms increase productivity due to better and wider choice of inputs. In addition, at least theoretically, the mechanism of selection eliminates the least productive firms from the industry. To disentangle the sources of industry productivity increase, we apply the recently developed quantile approach (Combes et al., 2012) to the episode of trade and services liberalization in Ukraine. We modify the methodology in order to study changes in productivity distribution within an industry over time. We start with the Melitz model of an industry with heterogeneous firms. Unlike in the original model, we allow for productivity distribution to change over time as a result of deregulation. By looking at changes in productivity distribution of manufacturing and services firms in Ukraine in 2001-2009, we estimate the left-truncation, dilation, and shift in distribution for each NACE 2 digit sector. We compare relative importance of the within firm channel of productivity increase vis-à-vis the selection channel. We further relate the estimates of the left-truncation, dilation, and shift to industry measures of trade and services liberalization that include input tariffs liberalization and input services liberalization.

16.00 – 18.00. Консультации и обсуждение проектов Лаборатории в рамках данного направления исследований.

14 февраля, пятница

11.00 – 12.30. Научный семинар. Доклад Е. Шевцовой (Университет Ливерпуля, Великобритания) «Does destination matter? Causal links between export sales and exporters' productivity». Обсуждение доклада.

Abstract. The paper empirically explores the microeconomic exporting-productivity links using data from Ukrainian manufacturing and service sectors for the years 2000-2005 distinguishing between various industries and export destinations. Overall, the findings confirm self-selection of more productive firms into exporting showing that firms with higher total factor productivity (TFP) in the year prior to exporting are significantly more likely to engage in international trade. Also, age, and, to some extent, intangible assets positively affect the probability of becoming an exporter. The results also suggest significant positive post-entry productivity effect for the firms that enter export markets and negative productivity effect for the firms that exit. At the industry level the presence of learning-by-exporting effect is not universal and varies between industries and export destinations. Firms in capital-intensive industries that export to the countries of the European Union and other OECD countries experience stronger export-related productivity shocks than firms exporting to other CIS countries. The magnitude of the effect is also positively correlated with the capital intensity of the industries. These findings have important implications for industrial policies, suggesting that programs designed to upgrade firms' productivity and innovative capabilities should be industry specific. Such policies, should they be implemented, will increase benefits arising from exporting, which should further enhance international competitiveness of Ukrainian firms.

12.30 – 13.00. Кофе-брейк.

13.00 – 14.30. Научный семинар. Доклад М. Рыженкова (Киево-Могилянская академия, Украина) «Resource misallocation and manufacturing productivity: the case of Ukraine». Обсуждение доклада.

Abstract. The paper investigates the effect of resource misallocation on Ukrainian manufacturing productivity using the dataset of 56574 unique establishments over the period of 2002-2010. In order to perform this analysis, Hsieh and Klenow (2009) framework is applied, which consists of the monopolistic

competition model with heterogeneous firms. Individual plants are subject to output and capital distortions, which influence revenue productivity; thus, the variance of revenue-based total factor productivity (TFPR) in this framework is the main measure of resource misallocation. The principal aim of this paper is to estimate the potential gains for manufacturing TFP in case of distortions elimination and TFPR equalization within industries. Empirical results show that there is a significant resource misallocation in Ukrainian manufacturing as dispersion of the revenue productivity is almost twice higher than in the benchmark economy. In case of full liberalization, when all the distortions are eliminated, potential gains are expected to be equal to 97.1-135.2%. However, if we apply for Ukraine the benchmark distribution of resources, which is believed to be close to the optimal one, gains shrink to 34.1-60.0%, which satisfies the initial hypothesis. Empirical results also provide with conclusion that most of Ukrainian enterprises underperform their optimal size by more than twice. Decomposition of the basic results shows that total distortion is mainly driven by revenue productivity variance, which is determined, on the one hand, by output distortions, and on the other hand, by between-group components. The most reallocations of resources, which influence the whole distribution, occur among the most and the least productive enterprises.

16.00 – 18.00. Консультации и обсуждение проектов Лаборатории в рамках данного направления исследований.