

Contents

Preface	9
1 Introduction.....	11
1.1 The German school of regional science.....	12
1.2 From transport costs to Marshallian externalities.....	13
1.3 The modern role model.....	15
1.4 Regional disparities in Germany.....	16
1.5 Organization of this dissertation.....	19
2 Agglomeration and regional employment dynamics	23
2.1 Introduction.....	23
2.2 Empirical strategy.....	25
2.2.1 Microfoundations of agglomeration economies.....	25
2.2.2 Estimation method and variables.....	26
2.2.3 Data.....	31
2.3 Geographic concentration of industries in Germany.....	31
2.4 Estimation results.....	34
2.4.1 Baseline results.....	34
2.4.2 Robustness checks.....	37
2.5 Conclusion.....	39
3 The mysteries of the trade trade: Inter-industry spillovers in cities.....	41
3.1 Introduction.....	41
3.2 Theoretical background.....	44
3.3 Empirical strategy.....	45
3.3.1 Estimation method	45
3.3.2 Data.....	48
3.3.3 Weight matrices.....	49
3.3.4 Control variables.....	52
3.4 Results.....	53
3.4.1 Baseline results.....	53
3.4.2 Calculation and display of inter-industry effects.....	55
3.4.3 Robustness checks.....	58
3.5 Conclusion.....	61
4 The rise of the East and the Far East East: German labor markets and trade integration.....	63
4.1 Introduction.....	63
4.2 Theory and estimation strategy.....	67

Contents

4.2.1	The model.....	67
4.2.2	Instrumental variable strategy.....	70
4.3	Trade exposure and manufacturing employment.....	71
4.3.1	Data.....	71
4.3.2	Baseline specification: Manufacturing employment growth.....	73
4.4	Other regional labor market indicators.....	80
4.4.1	Population shifts.....	80
4.4.2	Between-group wage inequality.....	82
4.4.3	Non-manufacturing employment and unemployment.....	84
4.5	Worker level evidence.....	85
4.5.1	Data and variables.....	85
4.5.2	Results.....	87
4.6	Discussion and conclusion.....	90
5	Summary and conclusion.....	93
	Bibliography.....	99
A	Appendix for Chapter 2.....	109
A.1	Calculation of the EG and CI indices.....	109
A.2	Regional distribution of industrial agglomerations in Germany.....	111
A.3	Further results.....	112
B	Appendix for Chapter 3.....	115
B.1	Calculation of counterfactual steady state effects.....	115
B.2	Alternative ways to quantify knowledge spillovers.....	115
C	Appendix for Chapter 4.....	117
C.1	Increase in regional trade exposure.....	117
C.2	The sectoral composition of German trade.....	119
C.3	Further results.....	121
	Abstract.....	130
	Kurzfassung.....	131