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“Analytic Solutions to Models of Agglomeration and Related Numerical Approaches”
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Abstract: Economic geography equilibria that represent spontaneous agglomeration in a featureless underlying geographic space have been solved only numerically, and the resulting spatial configurations were symmetric. This paper introduces a method of obtaining analytic solutions to similar models. In the case of continuum space, the multi-city equilibria are again symmetric. However, by working in discrete space it is possible to generate stable equilibria with multiple cities of various populations and spatial extent, asymmetrically distributed across space. The properties of these equilibia may be understood in terms of deterministic chaos theory. There are two qualitative predictions that may be empirically tested: (1) the stability of an isolated city does not depend on its precise position, and (2) if two cities are too close to each other, the configuration becomes unstable and the space between the cities is filled with newcomers, turning the two cities into a megalopolis.

“Mobile Capital, International Inequalities, and the Welfare Gains from Trade”
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This paper explores the impact of mobile capital and firm heterogeneity on international inequalities and a country's welfare gains from trade integration. We show that, when trade is liberalized, the international inequality of wages is either bell-shaped or increases monotonically. With firm selection, however, the international inequality of firm shares is always magnified due to a strong within-industry reallocation effect in favor of exporting firms within the small country. Our model reveals that a country's gains from trade depend not only on changes in domestic expenditure share and trade elasticity, but also on the relative factor price that adjusts with capital reallocation across countries. Numerical exercises are provided to show how relative factor price adjustment is quantitatively relevant for welfare changes.