



State, cartels and growth: The German Chemical Industry

By Lion Hirth

GRIN Verlag Okt 2007, 2007. Taschenbuch. Book Condition: Neu. 213x149x7 mm. This item is printed on demand - Print on Demand Neuware - Research Paper from the year 2007 in the subject Business economics - Economic and Social History, grade: 1,0, University of Massachusetts - Amherst (Department of Economics), course: European Economic History, 64 entries in the bibliography, language: English, abstract: This paper provides an analysis of the German chemical industry during the Second Industrial Revolution of the late 19th and the early 20th century. It is modeled after Steven Webb's (1980) article on the iron and steel industry. Here it is argued that the exceptional growth and success of the industry chemicals were the fastest growing industry in Germany and by 1890 German firms held 85% world market share in dyestuff production was supported by a high degree of market concentration and cartelization. This enabled the firms to gain large economies of scale and scope through backward integration and product diversification. Dynamic efficiency gains were mainly achieved by relaxing credit constraints, reducing uncertainty, and allocate investment more efficiently. It is further argued that state action played a crucial role in setting up and stabilizing cartels. This analysis is...



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