

Steps of Contract Enforcement: The Lawyer's Guide for the Applied Economist

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Abstract

Recent empirical literature on international trade has highlighted the importance of the quality of legal institutions for trade flows and trade patterns. Contract enforcement, usually described by one country-specific variable in empirical trade studies, appears to be specifically relevant. The aim of this paper is to critically assess the role of the enforceability of transnational contracts in empirical trade analysis. When studying international trade issues, transnational contracts on the delivery of goods and services require an interaction between the legal systems of different countries in case of a dispute. Therefore, we argue for the need to have a closer look at the distinct phases or steps of contract enforcement.

JEL classification: F14, K12, K42

Keywords: international trade, transnational contracts, contract enforcement

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