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[BUSINESS & ECONOMICS]

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# Unbalanced regional resilience to the economic crisis in Spain: a tale of specialisation and productivity

## Author

Juan R. Cuadrado-Roura and Andres Maroto

## Source

Cambridge Journal of Regions, Economy and Society. First published online: January 29, 2016

## Abstract

The recent economic and financial crisis has generated significant and particularly adverse effects in Spain. All the regions were strongly affected, albeit with notable differences. The aim of this article is not to analyse the impact of the economic and financial crisis on the Spanish regions, but to contribute to an understanding of the resilient behaviour displayed by some regions by examining productive specialisation and its effects on regional productivity as explaining factors. The main conclusion is that the most resilient regions are those that had previously specialised in dynamic and productive industries, such as energy, some manufacturing and some advanced market services.

## Database

OXFORD Journal

# National fiscal consolidations and regional inequality in Europe

## Author

Luca Agnello, Giorgio Fazio and Ricardo M. Sousa

## Source

Cambridge Journal of Regions, Economy and Society. First published online: January 29, 2016

## Abstract

Using annual data for 13 European countries over the period 1980–2008, we assess the impact of national fiscal consolidations on the income inequality of European regions. Regional dispersion increases in the outcome of consolidation episodes, particularly, when packages are more severe and implemented through spending cuts rather than tax rises. From a policy perspective, these findings suggest that fiscal consolidations driven by reductions in government spending can exacerbate regional disparities and may ultimately counteract the European policy efforts to promote territorial cohesion. Our results are robust to alternative inequality measures, the occurrence of crisis episodes and the exclusion of fiscal outliers.

## Database

OXFORD Journal

# Income redistribution in open economies

## Author

Aron Tobias

## Source

Journal of Public Economics. Volume 134, February 2016, Pages 19–34

## Abstract

I propose a model of income redistribution in an open-economy environment. The world consists of a finite number of countries whose governments seek to maximize the welfare of their low-skilled populations by taxing skilled workers' labor income. While tax competition limits the extent to which redistribution is possible—as compared to the closed-economy outcome—when skilled people are internationally mobile, I argue that race to the bottom does not necessarily occur, even if the number of countries becomes arbitrarily large. The asymptotic sustainability of the welfare state crucially depends on the statistical properties of the probability distribution of skilled people's location preferences.

## Database

SciencDirect

# Tax compliance and psychic costs: Behavioral experimental evidence using a physiological marker

## Author

Uwe Dulleck, Jonas Fooker, Cameron Newton, Andrea Ristl, Markus Schaffner and Benno Torgler

## Source

Journal of Public Economics. Volume 134, February 2016, Pages 9–18

## Abstract

Although paying taxes is a key element of a well-functioning society, there is still limited understanding as to why people actually pay their taxes. Models emphasizing that taxpayers make strategic, financially motivated compliance decisions seemingly assume an overly restrictive view of human nature. Law abidance may be more accurately explained by social norms, a concept that has gained growing importance as research attempts to understand the tax compliance puzzle. This study analyzes the influence of psychic stress generated by the possibility of breaking social norms in the tax compliance context. We measure psychic stress using heart rate variability (HRV), which captures the psychobiological or neural equivalents of psychic stress that may arise from the contemplation of real or imagined actions, producing immediate physiologic discomfort. The results of our laboratory experiments provide empirical evidence of a positive correlation between psychic stress and tax compliance, thus underscoring the importance of moral sentiments for tax compliance. We also identify three distinct types of individuals who differ in their levels of psychic stress, tax morale, and tax compliance.

## Database

ScienceDirect

# Revisiting Economic Shocks and Coups

## Author

Nam Kyu Kim

## Source

Journal of Conflict Resolution. Volume 60, No. 1, February 2016, Pages 3-31

## Abstract

This article revisits the oft-cited relationship between economic shocks and coups. According to conventional wisdom, economic recessions trigger coups. However, existing empirical studies have not consistently produced supporting evidence for that relationship. This article claims that this is partly because existing studies have not differentiated transitory from permanent shocks to the economy. Two different economic shocks could have different effects on coups. Moreover, existing studies have not sufficiently addressed measurement error in gross domestic product (GDP) data. To overcome these problems, I use exogenous rainfall and temperature variation to instrument for economic growth. Instrumental estimates demonstrate, consistently across four different GDP per capita growth measures, that a decrease in GDP per capita growth rates, induced by short-run weather shocks, significantly increases the probability of a coup attempt. Conversely, noninstrumental variable estimates vary according to different GDP measures, and are close to zero, consistent with previous findings.

## Database

SAGE Journal

# The effect of the Euro on the bilateral trade distribution

## Author

Erik Figueiredo, Luiz Renato Lima and Georg Schaur

## Source

Empirical Economics. Volume 50, Issue 1, February 2016, Pages 17-29

## Abstract

This paper investigates whether the introduction of the Euro has affected trade. Contrary to the existing literature and motivated by recent development in trade theory, we apply quantile regressions for panel data to examine the effect of the Euro at moments other than the conditional mean of the trade flow distribution. Our results show that even with this more general approach the Euro's effect on trade remains bleak.

## Database

SpringerLink

# Generalized three-sided assignment markets: core consistency and competitive prices

## Author

Ata Atay, Francesc Llerena and Marina Nunez

## Source

TOP, Pages 1-22. First published online: February 02, 2016

## Abstract

A generalization of the classical three-sided assignment market is considered, where value is generated by pairs or triplets of agents belonging to different sectors, as well as by individuals. For these markets we represent the situation that arises when some agents leave the market with some payoff by means of a generalization of Owen (Ann Econ Stat 25–26:71–79, 1992) derived market. Consistency with respect to the derived market, together with singleness best and individual anti-monotonicity, axiomatically characterize the core for these generalized three-sided assignment markets. When one sector is formed by buyers and the other by two different type of sellers, we show that the core coincides with the set of competitive equilibrium payoff vectors.

## Database

SpringerLink



# China's reform and opening process: a new model of political economy?

## Author

Christian Ploberger

## Source

Journal of Chinese Economic and Business Studies. First published online: January, 29 2016

## Abstract

The reform and opening process has led to an impressive economic development which saw China becoming the second-largest economy in the world. This development resulted in an ongoing discussion about the nature of the Chinese state and reinvigorated the discussion of the role the state plays in national development. Addressing the challenges of how to interpret the contemporary Chinese state, it will be argued that a particular institutional setting has a strong impact on future developments, and China's reform process provides an insightful example in this regard. Indeed, we should remember that in the aftermath of the Cultural Revolution the Communist Party of China faced both a fundamental political crisis and an economic crisis of underperformance. In order to develop a deeper insight into the political-economic changes, we can observe during the reform process, a comprehensive analysis is required, one which focuses on the changes in China's political-economic regime.

## Database

Taylor & Francis Online

# Lifting economic sanctions on Iran : global effects and strategic responses

## Author

Ianchovichina Elena, Devarajan Shantayanan and Lakatos Csilla

## Source

Policy Research Working Paper. First published online: February 01, 2016

## Abstract

This paper uses a global general equilibrium simulation model to quantify the effects of lifting economic sanctions on Iran with and without strategic responses. Iran benefits the most, with average per capita welfare gains ranging from close to 3 percent, in the case when Iran's crude oil exports to the European Union recover to half their pre-embargo level, to 6.5 percent, in the best case of complete recovery of oil exports to the European Union, successful domestic reforms that enable a strong supply response, and increased market access for Iranian exports in developed markets. Iran could achieve benefits close to the upper range if Gulf Cooperation Council oil exporters limit their crude oil exports to support the oil price. If they do nothing, however, the price of oil will decline by 13 percent in the case of complete recovery of oil exports to the European Union, leaving net oil importers better off and net oil exporters worse off.

## Database

The World Bank

# The welfare cost of inflation and the regulations of money substitutes

## Author

Eden Benjamin and Eden Maya

## Source

Policy Research Working Paper. Published online: 02 Feb 2016

## Abstract

This paper studies the possibility of using financial regulation that prohibits the use of money substitutes as a tool for mitigating the adverse effects of deviations from the Friedman rule. When inflation is not too high regulation aimed at eliminating money substitutes improves welfare by economizing on transaction costs. The gains from regulation depend on the distribution of income and the level of direct taxation. The area under the demand for money curve is equal to the welfare cost of inflation only when there are no direct taxes and no proportional intermediation cost: otherwise, the area under the demand curve overstates the welfare cost of inflation when money substitutes are not important and understates the welfare cost when money substitutes are important.

## Database

The World Bank