

Business & Economic Hot Articles (July 2015)

1.

Title: [Empirical Evaluation of Law: The Dream and the Nightmare](#)

Authors: Donohue, John J., III

Source: American Law and Economics Review; 2015. Advance Access. First published online: May 25, 2015

Abstract: I discuss the empirical revolution in law and economics, and use the analysis of the deterrent impact of the death penalty to chart the tremendous advances in estimating causal effects since the mid-1970s. This story highlights how ostensibly sophisticated studies frequently generate incorrect estimates, and how difficult it is to know what studies should be believed—a difficulty open to being exploited by those (the media, think tanks, and others) who seek to promote clearly weak studies for some private agenda. I offer a hierarchy of methodologies to assist in evaluating empirical studies and some suggestions for promoting the search for truth.

Note: doi: 10.1093/aler/ahv007

Database: *Oxford Journals Online*

2.

Title: [Pension Reform and Individual Retirement Accounts in Japan](#)

Authors: Kitao, Sagiri

Source: Journal of the Japanese and International Economies. In Press, Accepted Manuscript. Available online 6 July 2015

Abstract: The paper studies effects of introducing individual retirement accounts (IRA) as an alternative to the employer-based pay-as-you-go public pension in Japan. Without any reform, projected demographic transition implies a massive increase in government expenditures in the magnitude of 40% of total consumption at the peak. Gradually shifting earnings-related part of pension towards self-financed IRA, expenditures can be reduced by 20% of consumption, providing a major relief for the government budget. The reform generates a significant rise in capital, as individuals save more for retirement, which is invested for many years. As a result, wage, output and consumption are also higher, leading to a sizeable welfare gain in the intermediate and long-run. Current generations, however, can face a large welfare loss depending on how the transition is financed.

Note: doi:10.1016/j.jjie.2015.06.002

Database: *ScienceDirect*

3.

Title: [What fiscal policy is most effective? A meta-regression analysis](#)

Authors: Gechert, Sebastian

Source: Oxford Economic Papers; Jul 2015, Vol 67 Issue 3, Pp. 553-580.

Abstract: I apply a meta-regression analysis to a unique data set of 104 studies on multiplier effects to derive stylized facts and quantify the differing effectiveness of the composition of fiscal impulses, adjusted for study design characteristics. Public spending multipliers are close to 1 and about 0.3 to 0.4 units larger than tax and transfer multipliers. Public investment multipliers are even larger than those of spending in general by approximately 0.5 unit. Multipliers vary with study design, whose influence should be laid open when drawing policy conclusions. The analysis provides guidance concerning influential factors, their significance, and magnitude.

Note: doi: 10.1093/oep/gpv027

Database: Oxford Journals Online

4.

Title: [Occupations under fire: the labour market in a complex emergency](#)

Authors: Alix-Garciaa, Jennifer and Bartlett, Anne

Source: Oxford Economic Papers; Jul 2015, Vol 67 Issue 3, Pp. 687-714

Abstract: This article examines the impact of conflict-induced population displacement on urban labour markets. Data from over 900 working-age individuals in Sudan indicates that long-term urban residents in conflict areas have a higher probability of being employed in skilled sectors relative to similar individuals in a non-conflict city and a lower likelihood of becoming unemployed. Recent arrivals to the conflict city, however, are much more likely to become unemployed. The data also show that young women entering the labour market during the conflict are less likely to be unemployed in the conflict city. This is consistent with a framework where war-induced population displacement from rural to urban areas generates demand for services provided by higher-skill workers and increased competition for low-skill jobs. The data show that household wealth of long-term residents decreases in conflict zones. Negative wealth effects are smaller for those more dependent on skilled sectors

Note: doi: 10.1093/oep/gpv006

Database: Oxford Journals Online

5.

Title: [Learning the monetary/fiscal interaction under trend inflation](#)

Authors: Florioa, Anna and Gobbib, Alessandro

Source: Oxford Economic Papers; 2015. Advance Access. First published online: June 20, 2015

Abstract: How does a higher inflation target affect determinacy and learnability of rational expectations equilibria under alternative monetary/fiscal policy mixes in new Keynesian models? What is the role of central bank transparency? This article proves that in a non-Ricardian regime, determinacy and learnability conditions are insensitive to changes in trend inflation and to transparency issues: expectations stabilization requires taxes to react weakly to government debt. Conversely, a higher inflation target always destabilizes expectations under active monetary regimes. In a Ricardian regime, raising the inflation target requires a more hawkish central bank to attain determinacy. However, determinacy implies learnability only when agents are aware of both the inflation target and the central bank reaction function. If agents need to learn a positive inflation target, active monetary regimes are unstable. Therefore, fully disclosing the reaction function, including the target inflation rate, greatly increases the central bank's effectiveness in stabilizing expectations.

Note: doi: 10.1093/oep/gpv045

Database: Oxford Journals Online

6.

Title: [A Theory of Justices' Retirement](#)

Authors: Bustos, Álvaro and Jacobi, Tonja

Source: American Law and Economics Review; 2015. Advance Access. First published online: July 2, 2015

Abstract: This paper introduces a formal model of Supreme Court retirement, in which the justices, the President and the Senate are rational agents who aim to shift the median ideology of the Court as close as possible to their own ideologies. The model shows that the probability of retirement depends on a set of personal, contextual, and political variables. It provides a

rigorous theory for the effect of extant variables, and identifies variables that have not previously been fully appreciated. In particular, it shows the impact of the ideologies of the non-retiring justices and whether the ideology of the retiring justice is moderate or extreme. This more complete explanation of strategic judicial retirements raises empirically testable predictions to differentiate among the disparate findings of the existing literature.

Note: doi: 10.1093/aler/ahv014

Database: *Oxford Journals Online*

7.

Title: [Can expert knowledge compensate for data scarcity in crop insurance pricing?](#)

Authors: Shen, Zhiwei, Odening, Martin and Okhrin, Ostap

Source: European Review of Agricultural Economics; 2015. Advance Access. First published online: June 24, 2015

Abstract: Although there is an increasing interest in area yield insurance in many developing countries, crop data scarcity hinders its implementation by imposing higher premiums. Expert knowledge has been considered a valuable information source to augment limited data in insurance pricing. This article investigates whether the use of expert knowledge can mitigate model risk arising from insufficient statistical data. We adopt a Bayesian framework that allows for the combination of scarce crop data, expert knowledge and weather information, to estimate the loss distribution. We find that expert knowledge reduces the parameter uncertainty and changes the insurance premium in the correct direction.

Note: doi: 10.1093/erae/jbv015

Database: *Oxford Journals Online*

8.

Title: [FRAMING CHINA-MALAYSIA TRADE RELATIONS BEYOND ASEAN: FACTORING THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP](#)

Authors: Devadason, Evelyn S

Source: The Journal of Developing Areas; Spring 2015, Vol 49, Issue 2, Pp. 39-56

Abstract: The paper frames the trade relationship between China and Malaysia within the context of ASEAN and the impending RCEP. Specifically trade potentials are derived for the bilateral partnership within the two structures to identify whether China's external options under the RCEP affect her relationship with Malaysia. Potentials for trade expansion between China and Malaysia, estimated through a three-dimensional panel gravity model, are found to be marginally lower under the RCEP structure relative to ASEAN. More importantly, trade potentials appear exhausted for major products traded under both contexts. This suggests a change (decline) in the trade posture of the China-Malaysia partnership, as relative advantages are most likely to be altered under the expanded matrix of Chinese relations with RCEP members. In coping with the larger matrix structure, both nations should innovate new forms of bilateral cooperation, beyond trade, to enhance their strategic partnership.

Note: <http://search.proquest.com/docview/1621840015?accountid=15637>

Database: *ABI/INFORM Complete*

9.

Title: [The real exchange rate of euro and Greek economic growth](#)

Authors: Papanikos, G.T.

Source: Journal of Economic Asymmetries; Nov 01, 2015, Vol 12, Issue 2, Pp. 100-109

Abstract: This study argues that an overvalued euro has caused the largest ever drop in Greece's GDP growth since the World War II. Sharp declines of GDP growth would have been

avoided had ECB's monetary and exchange rate policy been different and more conducive to countries that suffered the most from the world economic crisis of 2007. Greece was the last to be hit, but was unfortunately 'battered' really hard. In this study, it is found that (a) the real effective exchange rate of euro was 20% overvalued and (b) this has had a negative impact on Greek economic growth. A 10% undervaluation would have increased the rate of growth of per capita GDP by almost an additional 1.25% per annum. This would have made the economic recession less severe. During the crisis years, it seems that the ECB's monetary and exchange rate policy favored particular countries in the eurozone, and Germany emerges as the big winner. © 2015 Elsevier B.V.

Note: DOI: 10.1016/j.jeca.2015.04.002

Database: *Scopus*

10.

Title: [How specific is apprenticeship training? Evidence from inter-firm and occupational mobility after graduation](#)

Authors: Muellera, Barbara and Schwerib, Jürg

Source: Oxford Economics Papers; 2015. Advance Access. First published online: June 27, 2015

Abstract: Do apprenticeships convey mainly general or also firm- and occupation-specific human capital? Specific human capital may allow for specialization gains, but may also lead to allocative inefficiency due to mobility barriers. We analyse the case of Switzerland, which combines a comprehensive, high-quality apprenticeship system with a lightly regulated labour market. To assess human capital transferability after standardized firm-based apprenticeship training, we analyse inter-firm and occupational mobility and their effects on post-training wages. Using a longitudinal data set based on the PISA 2000 survey, we find high inter-firm and low occupational mobility within one year after graduation. Accounting for endogenous changes, we find a negative effect of occupation changes on wages, but no significant wage effect for firm changes. This indicates that occupation-specific human capital is an important component of apprenticeship training and that skills are highly transferable within an occupational field.

Note: doi: 10.1093/oep/gpv040

Database: *Oxford Journals Online*

**Selected by Ploenchan Akvanich,
Research Support Service,
Chulalongkorn University**