

Business & Economic Hot Articles (September 2015)

1.

Title: [Global Income Distribution: From the Fall of the Berlin Wall to the Great Recession](#)

Authors: Lakner, Christoph and Milanovic, Branko

Source: World Bank Economic Review; 2015. Advance Access. First published online: August 12, 2015

Abstract: We present an improved panel database of national household surveys between 1988 and 2008. In 2008, the global Gini index is around 70.5%, having declined by approximately 2 Gini points. China graduated from the bottom ranks, changing a twin-peaked global income distribution to a single-peaked one and creating an important global "median" class. 90% of the fastest growing country-deciles are from Asia, while almost 90% of the worst performers are from mature economies. Another "winner" was the global top 1%. Hence the global growth incidence curve has a distinct supine S shape, with gains highest around the median and top.

Note: doi: 10.1093/wber/lhv039

Database: *Oxford Journals*

2.

Title: [Real wage rigidity and the unemployment volatility puzzle in small open economies](#)

Authors: Krogh, Tord S.

Source: Oxford Economic Papers; 2015. Advance Access. First published online: August 29, 2015

Abstract: Standard search models of the labour market feature a volatility puzzle: labour market variables move too little in response to productivity shocks. I investigate if real wage rigidity is sufficient to solve this in an open economy. Starting from a closed economy benchmark in which wage rigidity makes labour market variables sufficiently volatile, I find that the puzzle reopens in the open economy, despite a rigid real wage. This is because terms of trade movements move the wedge between the consumer and producer real wage in such a way that labour market variables respond less to productivity shocks. A quantitative exercise shows that the effect of this mechanism can be sizeable.

Note: doi: 10.1093/oep/gpv059

Database: *Oxford Journals*

3.

Title: [Immigration and Occupational Mobility of Native Workers in Spain. A Gender Perspective](#)

Authors: Odriozola, Leire Aldaz, and Peña, Begoña Eguía

Source: Journal of International Migration and Integration. First online: 09 September 2015

Abstract: This paper studies the economic effect of immigration on native working conditions, focusing on the impact of the inflow of immigrant labour on occupational mobility among native workers. Basing on a gender-segmented labour market, we propose an extension of the model presented by Peri and Sparber American Economic Journal: Applied Economics, 1(3), 135-169, (2009). The model controls for gender and time in order to check for potential differences in immigration effects associated with gender or immigrant length of residence. This research reveals the existence of such differences, by showing that female immigrant inflow has a greater positive short-term impact on occupational mobility among female unskilled native workers. In addition, the long-term study discloses a slight occupational

assimilation of male immigrants towards employment patterns of male native workers and a permanent confinement of female immigrants in a few "niche jobs".

Note: doi: 10.1007/s12134-015-0459-4

Database: *SpringerLink*

4.

Title: [The Wrongs of Unlawful Immigration](#)

Authors: Aliverti, Ana

Source: Criminal Law and Philosophy. First online: 12 July 2015

Abstract: For too long, criminal law scholars overlooked immigration-based offences. Claims that these offences are not 'true crimes' or are a 'mere camouflage' to pursue non-criminal law aims deflect attention from questions concerning the limits of criminalization and leave unchallenged contradictions at the heart of criminal law theory. My purpose in this paper is to examine these offences through some of the basic tenets of criminal law. I argue that the predominant forms of liability for the most often used immigration offences are, at least in principle, controversial and depart from what is often presented as the paradigm in criminal law. Above all, immigration offences are objectionable because they fall short in fulfilling the harm principle and, given that criminal punishment as used against immigration offenders is often a secondary, ancillary sanction to deportation, they license excessive imposition of pain.

Note: doi: 10.1007/s11572-015-9377-y

Database: *SpringerLink*

5.

Title: [Could immigration explain wage inequality in a skill-biased technological model?](#)

Authors: Afonso, Oscar, Gabriel, Susana and Gil, Pedro Mazedo

Source: Empirica. First online: 30 July 2015

Abstract: The aim of this paper is to evaluate how immigration of high-skilled workers affects the technological-knowledge bias and, in turn, the skill premium in the host countries, in particular bearing in mind the recent experience in a number of European countries. We study a skill-biased dynamic general equilibrium R&D growth model in which the standard R&D technology is modified so wage inequality results from the direction of the technological knowledge, which in turn is induced by the price channel. By solving the transitional dynamics numerically, we show that the rise of the skill premium arises from the price-channel effect, complemented with a mechanism that reflects the impact of immigration on R&D. According to our quantitative results, our model is able to account for a significant proportion of the dynamics of the skill premium in the data for a number of European countries, thus, suggesting that differences in labour skills between immigrants and natives are, in practice, an important source of skill premium variation over time.

Note: doi: 10.1007/s10663-015-9305-3

Database: *SpringerLink*

6.

Title: [Public-private wage duality during the Greek crisis](#)

Authors: Christopouloua, Rebekka and Monastiriotisb, Vassilis

Source: Oxford Economic Papers; 2015. Advance Access. First published online: August 12, 2015

Abstract: During the recent crisis, Greece experienced a severe contraction and rapid transformation in its labour relations and pay-setting system in both the private and public sectors. Although the quantity (employment) adjustments that followed have been well

documented, the changes that were triggered in the wage structures of the two sectors remain largely unexplored. In this article we examine these changes using Greek Labour Force Survey micro-data. We find a differential adjustment across sectors in terms of magnitude, timing, and structure. Despite general perceptions, adjustment in public sector wages has been slow and limited, with pre-crisis premia persisting throughout the period. Instead, the private sector recorded substantial adjustment, changing noticeably its valuation of worker and job characteristics and emerging from the crisis with a structure of returns that rewards more intensively marketable skills. This may be an important feature in the prospective recovery of the Greek economy.

Note: doi: 10.1093/oep/gpv054

Database: *Oxford Journals*

7.

Title: [Husbandry: a \(feminist\) reclamation of masculine responsibility for care](#)

Authors: Nelson, Julie A.

Source: Cambridge Journal of Economics; 2015. Advance Access. First published online: August 31, 2015

Abstract: While extremely important and revolutionary, much feminist work on the economics of care has risked reinforcing an association of care with only women and with only women's traditional activities. This article revives the image of 'husbandry', understood as careful cultivation, tending and management, as a complement to the image of mothering. A rich masculine prototype of care may be helpful in re-awakening male responsibility for care, and revitalising the recognition of the necessity of concern and carefulness in all of economic life. The 'good husbandman', in stark contrast to 'economic man', lives a fuller life, acting responsively and responsibly. This article lays out the need for such a rich image; suggests applications to the environment, carework and business management; and addresses some possible drawbacks.

Note: doi: 10.1093/cje/bev060

Database: *Oxford Journals*

8.

Title: [On the political economy of UK pension scheme regulation](#)

Authors: Woods, J. E.

Source: Cambridge Journal of Economics; 2015. Advance Access. First published online: August 14, 2015

Abstract: We take the opportunity of the recent Consultation Exercise on UK defined-benefit pension schemes conducted by the Pensions Regulator to examine the approach to pension scheme portfolio management that it and the related Pension Protection Fund have adopted. After summarising the regulatory basis, we identify three essential building blocks for further examination: the notion of matching liabilities to long-term (government) bonds, the use of standard deviation of return as a measure of risk and the idea that strategic asset allocation is the most important decision in portfolio management (this last one, the Brinson axiom). We examine these foundations individually and then collectively with the aid of two unobtrusive postulates—the first being the efficient markets hypothesis and the second that pension scheme assets should be used to purchase only those securities with minimal default risk. From the perspective of what we have elsewhere called the Keynes-Graham schema, we conclude that the foundations are unsound and that the conventional approach, adopted not only by both the Regulator and the Protection Fund but also by the major actuarial consultancies, induces, if not actually requires, pension schemes to engage in speculation rather than investment.

Note: doi: 10.1093/cje/bev048

Database: *Oxford Journals*

9.

Title: [Public Good Provision in Indian Rural Areas: The Returns to Collective Action by Microfinance Groups](#)

Authors: Casini, Paolo, Vandewalle, Lore and Wahhaj, Zaki

Source: World Bank Economic Review; 2015. Advance Access. First published online: August 25, 2015

Abstract: Self-help groups (SHGs) are the most common form of microfinance in India. We provide evidence that SHGs, composed of women only, undertake collective actions for the provision of public goods within village communities. Using a theoretical model, we show that an elected official, whose aim is to maximize re-election chances, exerts higher effort in providing public goods when private citizens undertake collective action and coordinate their voluntary contributions towards the same goods. This effect occurs although government and private contributions are assumed to be substitutes in the technology of providing public goods. Using firsthand data on SHGs in India, we test the prediction of the model and show that, in response to collective action by SHGs, local authorities tackle a larger variety of public issues, and are more likely to tackle issues of interest to SHGs. Our findings highlight how the social behavior of SHGs can influence the governance of rural Indian communities.

Note: doi: 10.1093/wber/lhv041

Database: *Oxford Journals*

10.

Title: [The Decision to Invest in Child Quality over Quantity: Household Size and Household Investment in Education in Vietnam](#)

Authors: Hai-Anh H. Dang and F. Halsey Rogers

Source: World Bank Economic Review; 2015. Advance Access. First published online: August 25, 2015

Abstract: During Vietnam's two decades of rapid economic growth, its fertility rate has fallen sharply at the same time that its educational attainment has risen rapidly—macro trends that are consistent with the hypothesis of a quantity-quality tradeoff in child-rearing. We investigate whether the micro-level evidence supports the hypothesis that Vietnamese parents are in fact making a tradeoff between quantity and “quality” of children. We present private tutoring—a widespread education phenomenon in Vietnam—as a new measure of household investment in children's quality, combining it with traditional measures of household education investments. To assess the quantity-quality tradeoff, we instrument for family size using the commune distance to the nearest family planning center. Our IV estimation results based on data from the Vietnam Household Living Standards Surveys (VHLSSs) and other sources show that rural families do indeed invest less in the education of school-age children who have larger numbers of siblings. This effect holds for several different indicators of educational investment and is robust to different definitions of family size, identification strategies, and model specifications that control for community characteristics as well as the distance to the city center. Finally, our estimation results suggest that private tutoring may be a better measure of quality-oriented household investments in education than traditional measures like enrollment, which are arguably less nuanced and less household-driven.

Note: doi: 10.1093/wber/lhv048

Database: *Oxford Journals*

11.

Title: [Adaptation to climate change can support unilateral emission reductions](#)

Authors: Eisenacka, Klaus and Kählerb, Leonhard

Source: Oxford Economic Papers; 2015. Advance Access. First published online: September 2, 2015

Abstract: Policy advocates frequently call for unilateral action to promote international climate protection. It is still conventional wisdom that unilateral action does not pay off for individual countries due to free-riding incentives for other countries. Does this conclusion change if damage can be reduced by adaptation measures? This article considers adaptation as an explicit decision variable and frames unilateral action as Stackelberg game with two countries. The sequence of play is determined endogenously. We show that the Stackelberg leader reduces adaptation expenditures and emissions if the follower's damage function has a specific convexity property where adaptation leads to strategic complements. Then, no country has an incentive to deviate from the sequence of play. Unilateral action in adaptation or in emissions leads to a strict Pareto improvement compared to the non-co-operative Nash solution. There are lower total emissions and less adaptation.

Note: doi: 10.1093/oep/gpv057

Database: *Oxford Journals*

12.

Title: [ICT use and total factor productivity growth: intangible capital or productive externalities?](#)

Authors: Acharya, Ram C.

Source: Oxford Economic Papers; 2015. Advance Access. First published online: August 27, 2015

Abstract: What accounts for the exceptional TFP growth performance in some ICT-using industries after the mid-1990s in the USA and some other OECD countries? Productivity gains in the production of ICT are given as the answer. But technical progress in upstream industries, in general, should not raise TFP growth in downstream industries. This article investigates two explanations for this apparent puzzle: the existence of intangible capital and the externalities of ICT investment. Using newly constructed comprehensive data covering 16 OECD countries for 24 industries for a period of 32 years, I find evidence of intangible capital accumulation, but no evidence of positive spillovers from ICT use. Results show that what would have considered as a perfect case of spillovers from ICT use under conventional method is the impact of R&D and other intangible capital. Once these two channels are accounted for in the model, neither domestic nor foreign ICT spillovers exist.

Note: doi: 10.1093/oep/gpv058

Database: *Oxford Journals*

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