

Special Seminar on Macroeconomics, Labour Economics and Political Economy

(Seminar Series for JSPS Strategic International Networking Program No.5)

Jan 29 (Fri) 2016 14:00 – 17:30 @ Conference Room

Institute of Economic Research / Hitotsubashi University

Program

Time	Descriptions
14:00 – 15:00	<p>Timothy Kam (Australian National University) <i>“Sustainable International Monetary Cooperation”</i> (with Ippei Fujiwara and Takeki Sunakawa)</p> <p>Abstract: We provide new insight on international monetary policy cooperation using two-country model based on Benigno and Benigno [2006]. Assuming symmetry, save for the volatility of (markup) shocks, we show that an incentive feasibility problem exists between the policymakers across national borders: The country faced with a relatively more volatile markup shock has an incentive to deviate from an assumed Cooperation regime to one with Non-cooperation. More generally, a similar result obtains if countries also differ in size (or open-ness to trade). This motivates our study of a history-dependent Sustainable Cooperation regime which is endogenously sustained by a cross-country, state-contingent contract between policymakers. Under Sustainable Cooperation, the responses of inflation and the output gap in both countries are different from those induced by the Cooperation and Non-cooperation regimes reflecting the endogenous welfare redistribution between countries under the state-contingent contract. Such history-contingent welfare redistributions are supported by resource transfers effected through incentive-compatible variations in the terms of trade (or net exports). Such an endogenous cooperative solution provides a theoretical rationale for perceived cooperation between national central bankers in reality. Perhaps, it also underpins the reasoning behind Yellen’s recent confidence that financially, countries would not “flee in a race to the bottom”.</p>
15:00 – 15:15	Break

José I. Silva (Universitat de Girona/University of Kent)
“Local labor market effects of public employment”
(with Javier Vázquez-Grenno)

Abstract:

What are the local labor consequences of hosting public sector on a large scale? In this paper, we develop a search and matching model with public, tradable and non tradable sectors, agglomeration economies, local land market and mobility to identify the channels through which public employment affects local private employment in the tradable and non tradable sectors so differently. We calibrate and simulate the model for a representative Spanish city and find that public employment increase the employment in the non tradable sector, reduce the employment in the tradable sector and also slightly decrease the unemployment rate. Using city-level data from Spain and the framework recently developed by Moretti (2010), we estimate the long-run multiplier effects of public employment. In particular, using the capital status of a city to instrument for changes in public employment relative to the population level in the base year, our preferred estimations show that, for each additional job in the public sector, in a given city, 1.26 jobs are created in the non tradable sector and do not affect tradable employment. This result is in line with the multiplier derived from the simulations of our model, that predicts 1.15 more non tradable jobs for each extra job in public sector in a given city.

15:15 – 16:15

16:15 - 16:30

Break

Tomohito Okabe (IER)
“Estimation of Unobserved Voter Preference Markov Processes”
(with Daisuke Nogiwa)

Abstract:

This study addresses long-term transitions in American individual's preference over political parties or party identification (PID). The paper presents the proposed approach for estimating partisan dynamics from data sets of repeated cross-section where the movement of respondents' choice of favored party cannot be observed. The proposed approach allows the identification of the most likely underlying dynamics from a set of potential Markov processes. Using the proposed method, the study shows that African Americans have tended to be in favor of the Democratic Party. Further, White Americans and African Americans gradually transit in their PID through the independent partisan status, rather than jumping from one extreme to the other.

16:30 – 17:30

18:00 - Dinner

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