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What Determines Wage Inequality Among Young German University Graduates?

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Summary

This paper investigates the gender wage gap among university graduates in their first job and five to six years into their careers using a representative survey among German university graduates. Results from standard decomposition techniques show that up to 83 % of an initial 24 % earnings disadvantage for women in the first job can be attributed to differences in endowments that are fixed at the time of labor market entry. Of these, fields of study play a dominant role and explain up to 70 % of the earnings differential. Adding employer characteristics raises the explained part of the differential to 96 %. The importance of unexplained factors increases after five to six years where 40 % of the earnings gap remain unexplained even when controlling for detailed experience and employer characteristics.

Oil Price Dynamics and Monetary Policy in a Heterogeneous Monetary Union

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Summary

This paper analyzes the dynamic effects of oil price increases in a small two-country monetary union with asymmetric wage adjustment equations. Common oil price shocks lead during the adjustment process to temporary divergences in output and inflation and also to reversals in the relative cyclical position across the monetary union. We distinguish between three types of oil price shocks: (1) an unanticipated permanent shock, (2) an unanticipated temporary shock and (3) an anticipated permanent shock. We illustrate the macroeconomic effects of these shocks by means of dynamic simulations and examine the respective stabilization role of monetary policy. While permanent oil price hikes always lead to stagflation, temporary shocks are associated with deflation in the very short run as the reduction of real income lowers the demand for the domestically produced good. The implications for monetary policy are also shock-specific. Monetary policy faces a signal extraction problem as it needs to determine whether oil price shocks are transitory or permanent in order to make appropriate decisions not only about the strength, but also the direction of monetary policy.

Körperschaftsbesteuerung und Unternehmensverschuldung: Evidenz aus einem Europäischen Firmenpanel

Capital Structure and Corporate Taxation: Empirical Evidence from European Panel Data

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Summary

This paper analyzes the impact of corporate taxation on a firm's debt policy. We contribute to the existing literature in two ways: (i) we explicitly model persistence in the debt-to-asset ratio, and (ii) we incorporate firm heterogeneity with respect to firm size and legal form. Empirically, this implies the use of dynamic panel data econometrics. We employ a panel of about 110,000 firms from 22 countries of the European Union between 1999 and 2007. First, we find that capital structures exhibit a substantial degree of persistence over time. Second, and in line with theoretical expectations, we find that the debt ratio is positively affected by the statutory corporate income tax rate. Specifically, we observe a marginal effect of around 0.3 in our baseline specification, translating into a short-run (long-run) elasticity of about 0.2 (0.3-1.5). Finally, our empirical results show that large firms react more sensitively to the incentives of corporate taxation, while this effect is smaller for public limited companies.

A Coefficient of Correlation Based on Ratios of Ranks and Anti-ranks

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Summary

Rank association is a fundamental tool to express dependence for ordinal data. Measures of rank correlation have been developed in several contexts for more than a century and we were able to cite more than thirty of these coefficients, from simple ones to relatively complicated definitions involving one or more systems of weights. However, only a few of these can actually be considered reasonable measures of concordance/discordance. The main drawback with the vast majority of coefficients is their resistance-to-change which appears to be of limited value for the purposes of rank comparisons that are intrinsically robust. In this article, a new non-parametric correlation coefficient is defined that is based on ratios of two ranks. In comparing it with existing coefficients, it was found to be extremely sensitive to permutation patterns. We have illustrated the potential improvement that our index may provide in economic contexts by comparing published results with those obtained through the use of this new index. The success that we have had suggests that our index may have important applications wherever the discriminatory power of the rank correlation coefficient ought to be particularly strong.

Demand for Live Orchestral Music –
The Case of German *Kulturorchester*

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Summary

This paper estimates a demand function for orchestras in Germany and in the process provides estimates of the impact of various determinants of demand for live orchestral music. Price and income are shown to be highly significant as are the quality factors included. The price elasticity is around -0.3 indicating price-inelastic demand and the income elasticity roughly 1.0 which is shown to be the net effect of two opposing forces, a gross income effect and a price-of-leisure effect. Additionally, two objective output characteristics which can positively influence concert attendance are examined. This analysis was undertaken by applying an exceptionally large panel data set for 79 orchestras over the period from 1972 to 2004 (1,313 observations). No previous study of orchestra demand was based on such a rich data set, nor used such a range of extensive variables. Some policy implications are considered in the concluding section.