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Erwartete externe Effekte und Wahlverhalten: Das Beispiel der Münchner Allianz-Arena

Expected External Effects and Voting: The Case of the Munich Allianz-Arena

**Von Gabriel M. Ahlfeldt, London, Wolfgang Maennig und Hanno Scholz,
Hamburg**

JEL R58, H71

Professional sports, stadium impact, referendums, external effects, urban economics, regional economics.

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Summary

We investigate at the precinct-level the 2001 stadium referendum for the Allianz-Arena in Munich, where voters had to decide upon a projected site as well as on public subsidies for provision of transport infrastructure. This is the first analysis of a stadium referendum with respect to the spatial dimension outside the U.S. The new arena, which is the home venue of the professional soccer clubs FC Bayern München and TSV 1860 München and also was a major venue during the FIFA World Cup 2006 clearly won the approval of a majority of voters in one of the referendums with the largest participation in the history of Munich. However, in proximity of the projected site, residents strongly opposed the project, which reflects in significantly reduced shares of yes-votes. Assuming rationality, we conclude that at city level residents expected an increase in utility from the new arena that justified public expenses. However, our results also point to considerable proximity cost, probably related to the presence of fan crowds and congestion. This finding contradicts the existing evidence on stadium impact from the U.S. There are also major differences in the socio-economic determinants of voting behavior, indicating that the expected net-benefit of proximity to professional sports facilities may vary across sports and countries.

Fields of Training, Plant Characteristics and the Gender Wage Gap in Entry Wages Among Skilled Workers – Evidence from German Administrative Data

By Nils Braakmann, Lüneburg*

J24, J31, J71

Gender wage gap, decomposition, field of training.

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Summary

This paper investigates the gender wage gap among skilled German workers after the end of vocational training using data from social security records. Using information on worker and plant characteristics for the training plant, results from standard decomposition techniques show that up to 92 % of an initial 14 % earnings disadvantage for women in the first job can be attributed to differences in endowments. Of these, occupational segregation explains up to two thirds of the earnings gap, with plant characteristics accounting for about 25 %.

International Financial Competitiveness and Incentives to Foreign Direct Investment

By Axel Jochem, Frankfurt a.M. *

JEL F21, F23, F41

Competitiveness, foreign direct investment, international integration.

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Summary

International financial integration has become an important factor for economic performance in the globalisation process. Access to international capital markets is crucial for a country's ability to meet its financial needs and to keep up with the challenges of a changing global landscape. In this paper, "financial competitiveness" is interpreted as the attractiveness of a country as perceived by foreign investors, which is reflected in refinancing costs in international capital markets. The study concentrates on foreign direct investment (FDI), which is an essential feature of the globalisation process and has immediate implications for the real economy.

An index of international financial competitiveness is calculated which is given by the ratio of the market value to the book value of inward FDI stocks. For a panel of five advanced economies from 1980 to 2006 it is shown that price competitiveness, stable inflation rates and registered patents have a positive impact on the index. Institutional factors like EMU membership or Anglo-American legislation also play a role. Financial competitiveness in turn encourages FDI inflows whereas it benefits fixed investment relative to M&A. There is also some evidence that an innovative environment accelerates investment decisions by promoting competition among investors.

What Drives Housing Prices Down? Evidence from an International Panel

**By Konstantin A. Kholodilin, Berlin, Jan-Oliver Menz, Hamburg,
Boriss Siliverstovs, Zurich***

JEL E30, C23, C51

House prices, dynamic panel data, co-integration.

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Summary

In this study, we suggest an explanation for the low growth rates of real housing prices in Canada and Germany in comparison to other OECD countries over the period 1975–2005. We show that the long-run development of housing markets is determined by real disposable per-capita income, the real long-term interest rate, population growth, and urbanization. The differential development of real housing prices in Canada and Germany is attributed to the fundamentals in these two countries. Canada and Germany are characterized by relatively low average growth rates of real disposable income and relatively high interest rates, resulting in depressed housing prices over a long period of time. Institutional structure accentuates these tendencies. Given the importance of housing wealth for private consumption, our paper aims at drawing the attention of policymakers to the necessity of preventing not only overheating but also overcooling of the housing market that entails lower economic growth rate.

Work Effort During and After Employment Probation: Evidence from German Personnel Data

By Christian Pfeifer, Lüneburg*

JEL J2, J41, M5

Absenteeism, employment protection, probation, work effort.

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Summary

The degree of employment protection affects employment flows as well as work effort of employees. Whereas the former aspect has been analysed in many studies, the impact of employment protection on work effort has been analysed in few recent studies. Theory predicts that employment protection reduces work effort because employee shirking cannot be that easily punished by the firm, which decreases the separation probability and increases the expected utility for a shirker in efficiency wage models. Personnel records of a German company are used to assess the impact of lower employment protection during probation on worker absenteeism as a proxy for work effort. The main finding is that new white-collar workers are on average more than 50 percent less likely to be absent and have on average more than 60 percent fewer absent working days during the three months probation period compared to the nine months period afterwards. These relative effects differ only slightly between the genders and between different age and educational groups.

Human Capital Externalities and Growth of High- and Low-Skilled Jobs

By Jens Südekum, Duisburg*

JEL R11, O40

Human capital, local growth, externalities.

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Summary

Human capital is unequally distributed across cities or regions within a country. The way how the spatial distribution of human capital evolves over time sheds light on the strength of concentration forces for high-skilled workers, such as localised increasing returns to human capital. In this paper I analyse the impact of human capital on local employment growth for Western German regions (1977–2006). Two main empirical facts are established: “Skilled cities” in Western Germany grow faster. At the same time there is convergence of human capital shares across cities, i.e., high-skilled workers do not increasingly concentrate in space. Whereas the first fact (the “smart city hypothesis”) similarly holds in Germany and in the US, there is a striking difference when it comes to the second fact. Some researchers have found an opposite trend of human capital divergence across US metropolitan areas. My findings suggest that human capital exhibits a different spatial trend in different countries. I present a theoretical model which shows that the spatial convergence trend does not imply that concentration forces for high-skilled workers are absent in Western Germany, but only that they are relatively weak compared to countervailing dispersion forces. I further discuss some reasons that may explain the differences between Western Germany and the US. I emphasise the role of the tax system and the impact of pro-dispersive regional policy in Europe.

Erhöhung der Mehrwertsteuer für Lebensmittel: Budget- und Wohlfahrtseffekte für Konsumenten

Increase of the Value Added Tax (VAT): Budget- and Welfare- Effects for Consumers

Von Silke Thiele, Kiel*

JEL D12, P46

Value added tax, foods, welfare effects, budget effects, price elasticities, almost ideal demand system

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Summary

On January 1st 2007 the Federal Republic of Germany increased the value added tax (VAT) from 16 % up to 19 %. The reduced VAT for food of 7 % has been kept but it is often debated. The issue in debate is whether distributional effects between different groups of households occur if the VAT of food is increased up to 19 %. The objective of this analysis is to quantify the welfare effects of an increase of the VAT for different German household groups. Furthermore budget effects are calculated, which look upon household expenditures before and after the VAT increase. The methodical basis of this analysis is the Almost Ideal Demand System (AIDS) estimated with cross sectional data of 11,831 German households. Two aspects have to be taken into account with the use of cross-sectional data: insufficient price information and zero expenditures. To derive quality adjusted prices an approach of Cox/Wohlgemant (1986) is applied. To take censoring of the dependent variables into account a procedure of Shonkwiler/Yen (1999) was employed. The results show that low income households and households with children will have comparatively high welfare losses.