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Family Culture and Fertility Outcomes – Evidence from American Siblings

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JEL J13; J16; Z10
Family specific culture; fertility; sibling correlation.

Received: 03.07.2013
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Summary
This paper contributes to the literature on the relationship between culture and socio-economic outcomes by examining the importance of family specific fertility culture for fertility outcomes. Family specific fertility culture is defined as systematic component in fertility preferences shared among family members. Using data from the NLSY79, we identify family culture by comparing preferences of siblings in early adulthood. Relating these preferences to completed fertility later in life, we find a significant influence of attitudes shared between siblings but almost no influence of preferences unrelated to family background. Our results suggest that fertility decisions are indeed affected by family culture which underlines the importance of family background in forming preferences and affecting socio-economic outcomes.
Employment Effects of Technological and Organizational Innovations: Evidence Based on Linked Firm-Level Data for Austria

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JEL O33; J23; J24; L23
Technological innovations; organizational and marketing innovations; labour demand; quantile regressions; linked firm level data.

Received: 18.07.2013
Revision received: 15.04.2014
Accepted: 25.08.2014

Summary

This paper investigates the impact of technological and organizational innovations on subsequent employment growth using a standard labour demand model. The main novelty of the paper is the use of a unique dataset, which merges the Community Innovation Survey (CIS) 2006 for Austria with structural business statistics from 2006-2008, resulting in 3,070 firm observations. For manufacturing firms, quantile regressions show that product innovations lagged two-years have a significantly positive but decreasing impact on employment growth over the conditional distribution given the impact of output and wage growth. For service firms, the positive employment effect of product innovations can only be observed for firms with high conditional employment growth rates. Results are robust with respect to the measurement of product innovations (e.g. market novelties or new to firm products). Process innovations exhibit a negative impact at the higher quantiles indicating that process innovations lead to an increase in labour productivity at the expense of employment. Furthermore organizational and marketing innovations do not have a significant impact on subsequent employment growth across the different quantiles.
Announcing is Bad, Delaying is Worse: Another Pitfall in Well-intended Climate Policy

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JEL D92; H23; K32; Q32; Q38
Climate policy; carbon taxation; Kyoto protocol; optimal control.
Received: 27.11.2013
Revision received: 12.05.2014
Accepted: 15.08.2014

Summary
It is frequently observed that the implementation of green policies is delayed compared to the initial announcement. Considering a setting with a representative monopolist extracting a non-renewable resource, we demonstrate that announcing a green policy, but then delaying its implementation, is associated with a larger cumulative extraction at any point in time than announcing a late implementation of this policy at the outset.
Internal Validation of Temporal Disaggregation: A Cloud Chamber Approach

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JEL F31; F47; C53
Temporal disaggregation; restricted ARMA; internal consistency tests.
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Summary
Temporal disaggregation is a recurrent problem in applied econometrics. This paper proposes a novel test approach for checking internal consistency of the disaggregation procedure. This test can serve as a substitute for external validations which deems useful when disaggregating under data poor conditions. The test builds on Chow and Lin’s 1971 disaggregation model and rests on the known parameter decay triggered by the temporal aggregation. A simulation study shows that the test indeed provides useful information. Temporal disaggregation of Swiss GDP figures illustrate the approach.
How Large are the Effects of Simultaneity on Testing Granger Causality?

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JEL C32
Granger causality; test; simultaneity; instantaneous causality.

Received: 20.10.2013
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Summary
Interpreting Granger causality as economic causality implies that the underlying VAR model is a structural economic model. This is wrong in the case of simultaneity, and causal conclusions can be misleading. Nevertheless, the empirical relevance of this problem still needs to be determined. Therefore, the magnitude and stability of possible errors are analysed in a simulation study. It is shown that economic misinterpretations of tests of Granger causality can occur with probability one for realistic parameter values. Thus, policy conclusions from Granger causality tests can be wrong with probability one if simultaneity occurs. Furthermore, the power of the test can be rather low even with a sample size of $T = 50$. 
Diskussionsbeitrag / Discussion Paper

The ECB as Lender of Last Resort: Banks versus Governments

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JEL E52; E58; F36
Lender of last resort; central banking; monetary union.

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Summary

The OMT programme has been strongly criticized as being incompatible with the ECB’s mandate. Applying standard lender of last resort (LoLR) theory in the assessment of the OMT we find that when de facto operating as a LoLR for governments, the ECB is as much in line with its mandate as when performing as a LoLR for banks. None of four arguments used to explain why it is acceptable to have the ECB as a LoLR for banks, while a LoLR role for governments has to be rejected, namely a) the missing euro area fiscal backstop, b) the long-term nature of the euro crisis, c) the example of the US as a monetary union without a LoLR for sub-states and d) the claim that central bank purchases of government bonds ultimately always lead to inflation, is convincing. However, decisive steps towards fiscal and banking union are needed to stabilize the euro area.