

CSWEP Sessions at the Southern Economic Association Meetings, Washington, DC, November 21-23, 2008

Government (and quasi-Government) Policies

Session Chair: Ellen Meade, American University

Discussants: Lisa Barrow (Federal Reserve Bank of Chicago), Robert Moffitt (Johns Hopkins University), Ellis Tallman (Oberlin College)

Tax Progressivity and Income Inequality

Denvil Duncan (Georgia State University), Klara Sabirianova Peter (Georgia State University, CEPR, IZA Bonn)

The authors use personal income tax schedules for a large panel of countries to estimate time-varying measures of tax progressivity during 1981-2005. They find that progressivity reduces observed inequality in reported gross and net income, but has a much smaller impact on true income inequality as measured by consumption-based Gini coefficients.

Access to Education under A Welfare Program and The Return to Schooling

Hui-chen Wang (The University of Mississippi)

Wang presents a model that shows, depending on the government's objective, that optimal welfare policy may dictate that education or training should qualify as "work" for welfare recipients. She shows that US states with high returns to a college education are less likely to allow welfare recipients to engage in postsecondary education since the 1996 welfare reform.

The Phillips Curve and US Monetary Policy: What the FOMC Transcripts Tell Us

Ellen E. Meade (American University), Daniel L. Thornton (Federal Reserve Bank of St. Louis)

The authors analyze transcripts of FOMC meetings from 1982-2002 and show that the Phillips Curve has been used to explain the Fed staff's forecast for inflation. The authors then use the staff's forecast for inflation and the output gap to show that although the Phillips Curve received much attention, it may have had little influence on monetary policy.

Poverty Programs

Presiding: Tara Watson, Williams College, University of Michigan and NBER

Discussants: Melissa Kearney (University of Maryland), Anna Aizer (Brown University), Jessica Vistnes (Agency for Healthcare Research and Quality), Angela Fertig (University of Georgia)

Persistence in labor Supply Effects of Graduating in a Recession: The Case of High School Women

Brad Herschbein (Institute for Social Research, University of Michigan)

This research finds that women appear to exit the labor force and have children in the short run in tough economic times. Long run effects on poverty and use of government assistance are also identified.

Chilling and Social Network Effects in Medicaid Participation of Immigrants: Evidence from Welfare Reform

Tara Watson (Williams College, University of Michigan and NBER)

The paper examines reasons behind declining participation in Medicaid following welfare reform for children of non-citizens. It finds that state generosity towards immigrants does not have systematic

effects, but "chilling" seems to be exacerbated for non-citizens from highly chilled groups who live near other immigrants from those groups.

*Stability of Children's Insurance Coverage and Implications for Access to Care:
Evidence from the SIPP*

Thomas Buchmueller (University of Michigan and NBER), Lara Shore-Sheppard (Williams College and NBER)

This paper uses detailed data to assess the frequency of health insurance transitions at the sub-annual level and to link them to access to care. The fraction of children uninsured at any point in the year is four times greater than those uninsured at a point in time, and insurance transitions are associated with reduced access to care.

Does Head Start Participation Influence Parents' Behavior?

Jason M. Fletcher (Yale University), David Frisvold (Emory University), Heather N. Royer (Case Western Reserve University)

This paper uses age eligibility cutoffs in a regression discontinuity design to examine the impact of Head Start participation on parental behaviors. Evidence supports the possibility that head start participation improves parental investments such as reading to children and reducing children's soda consumption.

Behavior

Presiding: Susan Averett, Lafayette College

Discussants: Daniel Rees (University of Colorado at Denver), Lina Walker (Georgetown University and Brookings Institution), Pia Orrenius (Federal Reserve Bank of Dallas)

Child Support Policies and Information about Fathers on Birth Certificates

Asia Sikora and H. Elizabeth Peters (Cornell University), Kara Joyner (Bowling Green State University)

The analysis determines that the likelihood that a father's name appears on the birth certificate of a child born outside of marriage is smaller for blacks, teens and mothers over 30, and for cases where the mother has lower education. The existence of child support policies appears to affect the listing of a father's name.

The Racial Saving Gap Enigma: Unraveling the Role of Institutions

Willie Belton and Ruth Uwaifo Oyelere (Georgia Institute of Technology)

Using a within-race decomposition this paper provides evidence that past institutions transmitted through culture can help to explain the persistent saving disparity between African Americans and White Americans.

Ethnic Persistence, Assimilation and Risk Proclivity

Holger Bonin (ZEW), Amelie Constant (DIW DC, Georgetown University and IZA), Konstantinos Tatsiramos (IZA), Klaus F. Zimmermann (IZA, Bonn University and DIW Berlin)

Using a German survey the authors find that adaptation by immigrants to the attitudes of the majority population closes the immigrant-native gap in risk proclivity, while stronger commitment to the home country preserves it. As risk attitudes are behaviorally relevant, the results could also help explain differences in economic assimilation of immigrants.

Issues in Economic Development

Session Chair: Ruth Uwaifo Oyelere, Georgia Institute of Technology

Discussants: Catherine Shelly Norman (Johns Hopkins University), Jonathan Munemo (The World Bank)

Determinants of Outward Direct Investment from Developing Countries: A Firm-Level Study of China

Yi Song (George Washington University)

This paper uses a firm-level data set of Chinese public firms to analyze the determinants of Chinese firms' outward foreign direct investment decision. The theoretical and empirical analyses show that not only can firms with superior technology (high productivity) become multinational enterprises, but firms with strong political connections can also conduct FDI because their political assets can compensate for their technological disadvantages.

Electrification and the Household

Louise Grogan and Asha Sadanand (University of Guelph)

Countries and regions with low electrification rates have high fertility rates, low female labor force participation, and low income levels. Using data from Guatemala, it is shown that electrification results in substantial reductions in fertility, and changes in female time use and earnings.

Are Women from Low-Income Urban Households More Likely to be Credit Constrained? Evidence from the Philippines

Hazel Jean Malapit (American University)

Microfinance lending programs often target women borrowers based on the expectation that women are more likely to be credit constrained. Using credit data from women and men in urban slums in the Philippines, logit results confirm that women are more credit constrained than men as a result of lack of credit history rather than a lack of physical or financial wealth.

Fiscal Policy, Real Exchange Rate Dynamics and Macroeconomic Performance

Sharri Byron (University of Georgia)

Using a neoclassical growth model, this research shows that investment in public infrastructure leads to higher levels of long-run output, and public and private capital when compared to the reduction in lump-sum taxes.

Divorce, Child Support, and Substitute Families

Session Chair: Marjorie Baldwin, Arizona State University

Discussants: Ken Troske (University of Kentucky), Angela Fertig (University of Georgia), David Macpherson (Florida State University), Laura Argys (University of Colorado-Denver)

Coasian Complications: How the interactions of waiting times, no-fault, and unilateral divorce laws affect divorce rates

Tongyai Iyavarakul and Marjorie McElroy (Duke University)

In trying to explain the steep rise in U.S. divorce rates in the 1970's and 80's, the authors find that only two types of changes in state legal codes impacted divorce rates, namely decreases in state mandated waiting times and dropping of fault requirements.

The Long Term Effects of the Divorce Revolution: Health, Wealth, and Labor Supply

Kristin Mammen (Columbia University)

This paper finds that women experiencing liberalization in divorce laws at ages 16-25 increased labor supply and financial status but also poorer health at older ages. Men exposed to the law change as young

adults also have higher financial status and lower health later in life, but there is no effect on their labor supply. The policy change affected long-term outcomes even for those who did not personally experience a divorce.

Child Support Enforcement and Gender Disparity in Retirement Wealth

Yunhee Chang (University of Mississippi)

Child support enforcement programs are expected to reduce the part of the gender wealth gap arising from differential costs of divorce and separation, especially for those who had children. OLS results suggest that stronger child support enforcement may potentially reduce the wealth gap by gender and marital history. However, the supposedly more accurate measures obtained by quantile regressions are largely inconsistent.

Valuing Substitute Families: Financial Support for Foster and Adoptive Families

Mary Eschelbach Hansen (American University, Center for Adoption Research, University of Massachusetts Medical School), Paul Jacobs (American University)

The authors argue that current subsidies for surrogate parents are inadequate to sustain and encourage the efforts of surrogate families, or to encourage other families to become surrogates. They recommend an insurance policy that more directly reduces the financial risks of care-giving. The insurance would include comprehensive physical, mental and behavioral health coverage; family leave; and catastrophic care.

Earnings Differentials

Presiding: Robert E. Moore, Georgia State University

Discussants: Solomon Polachek (SUNY Binghamton), Barbara Morgan (Johns Hopkins University)

Interrupted at What Cause? A Closer Look at the Gender Wage Differential and Why the Type of Interruption Matters

Jill Kearns (University of Kentucky)

This paper considered the role of career interruption in the Gender wage gap. Upon controlling for differences in the type of interruption, no additional wage effect is found. This result, while conflicting with some previous research, is consistent with human capital theory.

The Effects of Racial Differences in The Pattern of Experience Accumulation on the Black-White Wage Gap

Nola Ogunro (University of Kentucky)

This paper investigated the narrowing of the black-white wage gap during the 1960s and 1970s and the subsequent slowdown in that narrowing. Differences in the gap narrowing progress seem to be associated with unobserved skill endowment which would be consistent with prior work suggesting the wage gap is driven by pre-market factors.

Wealth, Expenditures, and Economic Well-being

Session Chair: Eva Sierminska, CEPS/INSTEAD and DIW Berlin

Discussants: Johanna Francis (Fordham University), Kasey Buckles (University of Notre Dame), Kevin B. Moore (Federal Reserve Board), Thesia Garner (U.S. Bureau of Labor Statistics)

Season of Birth and Later Outcomes: Old Questions, New Answers

Kasey Buckles and Daniel M. Hungerman (University of Notre Dame)

The authors document that children born at different times of the year are conceived by women with different socioeconomic characteristics, and that controls for family background characteristics can explain up to half of the relationship between season of birth and adult outcomes (health, education, and earnings).

Flexible Work Arrangements and Wages: Do firm characteristics matter?

Katie Winder (University of California, Merced)

Using British data from the 2004 Workplace Employment Relations Survey, the author examines whether the relationship between flexible work arrangements and wages depends on the type of firm that offer the flexibility. The findings suggest that the firm matters for all types of flexibility considered and that the correlation between wages and flexibility is much smaller when holding constant the firm's environment.

Wealth, Industry and the Transition to Entrepreneurship

Berna Demiralp (Old Dominion University), Johanna Francis (Fordham University)

Using data from the NLSY, the authors find that the probability of entrepreneurship increases at an increasing rate starting at the lower quantiles of the wealth distribution. However, using housing equity and unexpected inheritances as instruments suggests there is no significant relationship between wealth and entering entrepreneurship.

The Effect of Financial and Housing Wealth on Consumption Patterns: Cross Country Comparisons

Eva Sierminska (CEPS/INSTEAD and DIW Berlin) and Yelena Takhtamanova (Federal Reserve Bank of San Francisco)

The authors examine the link between household consumption spending and wealth across the age distribution using data from the Luxembourg Wealth Study. Their findings suggest that the effect of housing wealth dominates the effect of financial wealth in some countries and for older age groups in others. In all countries the effect of housing wealth on consumption spending is significantly lower for younger households.