

REVISIÓN DE PUBLICACIONES

ABRIL 2008

Esta sección tiene por objetivo presentar las más recientes investigaciones publicadas sobre diversos tópicos de la economía chilena. La presentación se divide en dos partes: una primera sección de listado de títulos de investigaciones y una segunda de títulos y resúmenes de publicaciones. Las publicaciones están agrupadas por área temática, considerando la clasificación de publicaciones del Journal of Economic Literature (JEL), y por orden alfabético de los autores.

CATASTRO DE PUBLICACIONES RECIENTES

Los resúmenes de los artículos indicados con (*) se presentan en la siguiente sección.

Código JEL: E / MACROECONOMÍA Y ECONOMÍA MONETARIA

Gomes, F. y C. Gomes da Silva (2008). "Hysteresis vs. Natural Rate of Unemployment in Brazil and Chile." *Applied Economics Letters* 15(1): 53-6.

* Gourio, F. y A.K. Kashyap (2007). "Investment Spikes: New Facts and a General Equilibrium Exploration." *Journal of Monetary Economics* 54(1): 1-22.

* Rivero, R. y R. Vergara (2008). "Do Large Retailers Affect Employment? Evidence from an Emerging Economy." *Applied Economics Letters* 15(1): 65-8.

Código JEL: F / ECONOMÍA INTERNACIONAL

* López, R.A. (2008). "Foreign Technology Licensing, Productivity, and Spillovers." *World Development* 36(4): 560-74.

* Siliverstovs, B. y D. Herzer (2007). "Manufacturing Exports, Mining Exports and Growth: Cointegration and Causality Analysis for Chile (1690-2001)." *Applied Economics* 39(2): 153-67.

Código JEL: G / ECONOMÍA FINANCIERA

* Guajardo, J. (2008). "Financial Frictions and Business Cycles in Middle Income Countries." IMF Working Paper N°08/20.

* Romero-Meza, R., C. A. Bonilla y M. J. Hinich (2007). "Nonlinear Event Detection in Chilean Stock Market." *Applied Economics Letters* 14(13): 978-91.

* Söderling, L. (2008). "Credit Cyclicalities in Chile: A Cross-Country Analysis." IMF Working Paper N°08/55.

Código JEL: O / DESARROLLO ECONÓMICO, CAMBIO TECNOLÓGICO Y CRECIMIENTO

Bravo, D., J. Vásquez, J.R. Behrman, O.S. Mitchell y P.E. Todd (2007). “Encuesta de Protección Social 2006: Presentación General y Principales Resultados.” Documento de Trabajo N°273, Departamento de Economía, Universidad de Chile.

De Gregorio, J. (2008). “El Crecimiento Económico de la América Latina. Del Desencanto del Siglo XX a los Desafíos del XXI.” *El Trimestre Económico* LXXV(1): 5-48.

Ffrench-Davis, R. (2007). “Desarrollo Económico en Chile: Desafíos hacia el Bicentenario.” Documento de Trabajo N°270, Departamento de Economía, Universidad de Chile.

* Goldberg, M y E. Palladini (2008). “Chile: A Strategy to Promote Innovative Small and Medium Enterprises.” Policy Research Working Paper N°4518. Banco Mundial.

Herzer, D. (2007). “How Does Trade Composition Affect Productivity? Evidence for Chile.” *Applied Economics Letters* 14(12): 909-12.

* King, A. y C. Ramlogan (2008). “Is Latin America Catching Up? A Time-Series Approach.” *Review of Development Economics* 12(2): 397-415.

* Lima, V. y R.D. Paredes (2007). “The Dynamics of the Labor Markets in Chile.” *Estudios de Economía* 34(2): 163-83.

Marotta, D., M. Mark, A. Blom y K. Thorn (2007). “Human Capital and University-Industry Linkages’ Role in Fostering Firm Innovation: An Empirical Study of Chile and Colombia.” Policy Research Working Paper N°4443. Banco Mundial.

Santiago-Castro, M. y C.J. Brown (2007). “Ownership Structure and Minority Rights: A Latin American View.” *Journal of Economics and Business* 59(5): 430-42.

Simonovska, I. y L. Söderling (2008). “Business Cycle Accounting For Chile.” IMF Working Paper N° 08/61.

Teichman, J. (2008). “Redistributive Conflict and Social Policy in Latin America.” *World Development* 36(3): 446-60.

Código JEL: Y / NO CLASIFICADOS

Agostini, C. (2008). “La Organización Industrial del Transporte Aéreo en Chile.” Documento de Trabajo N°200, Departamento de Economía, Universidad ILADES-Georgetown.

Agostini, C., P.H. Brown y D.P. Góngora (2008). “Distribución Espacial de la Pobreza en Chile.” Documento de Trabajo N°201, Departamento de Economía, Universidad ILADES-Georgetown.

Ffrench-Davis, R. (2007). “La Equidad Social, Un Gran Desafío Para Chile.” Documento de Trabajo N°276, Departamento de Economía, Universidad de Chile.

Fuentes, F. y E. Saavedra (2007). “Discrepancias en las Partidas de Gasto de los Procesos Tarifarios de Servicios Básicos en Chile.” Documento de Trabajo N°193. Departamento de Economía, Universidad ILADES-Georgetown.

Larroulet, C. y M. Ramírez (2007). “Emprendimiento: Factor Clave Para la Nueva Etapa de Chile.” *Estudios Públicos* 108: 93-116.

* Mizala, A., P. Romaguera y M. Urquiola (2007). “Socioeconomic Status of Noise? Tradeoffs in the Generation of School Quality Information.” *Journal of Development Economics* 84(1): 61-75.

Mizala, A. y M. Urquiola (2007). "School Markets: The Impact of Information Approximating Schools' Effectiveness." NBER Working Paper N°13676.

Núñez, J. y G. Pérez (2007). "Dime Cómo Te Llamas y Te Diré Quién Eres: La Ascendencia Como Mecanismo de Diferenciación Social en Chile." Documento de Trabajo N°269, Departamento de Economía, Universidad de Chile.

Núñez, J. y A. Tartakowsky (2007). "Inequality of Outcomes vs. Inequality of Opportunities in a Developing country. An Exploratory Analysis for Chile." *Estudios de Economía* 34(2): 185-202.

Ottone E. y C. Vergara (2007). "La Desigualdad Social en América Latina y el Caso Chileno." *Estudios Públicos* 108: 59-92.

* Pagés, C. y C.E. Montenegro (2007). "Job Security and the Age Composition of Employment: Evidence from Chile." *Estudios de Economía* 34(2): 109-39.

Puentes, E., D. Contreras y C. Sanhueza (2007). "Self-Employment in Chile, Long Run Trends and Education and Age Structures Changes." *Estudios de Economía* 34(2): 203-47.

* Ruiz-Tagle, J. (2007). "Forecasting Wage Inequality." *Estudios de Economía* 34(2): 141-62.

Urquiola, M. y E. Verhoogen (2007). "Class Size and Sorting in Market Equilibrium: Theory and Evidence." NBER Working Paper N°13303.

RESÚMENES DE ARTÍCULOS SELECCIONADOS

Los textos presentados a continuación son transcripciones literales del original.

Código JEL: E / MACROECONOMÍA Y ECONOMÍA MONETARIA

* Gourio, F. y A.K. Kashyap (2007). "Investment Spikes: New Facts and a General Equilibrium Exploration." *Journal of Monetary Economics* 54(1): 1-22.

Using plant-level data from Chile and the U.S., we show that investment spikes are highly pro-cyclical, so much so that changes in the number of establishments undergoing investment spikes (the "extensive margin") account for the bulk of variation in aggregate investment. The number of establishments undergoing investment spikes also has independent predictive power for aggregate investment, even controlling for past investment and sales. We re-calibrate the Thomas [2002. Is lumpy investment relevant for the business cycle. *Journal of Political Economy*, CX 508–534] model (that includes fixed costs of investing) so that it assigns a prominent role to extensive adjustment. The recalibrated model has different properties than the standard RBC model for some shocks.

* Rivero, R. y R. Vergara (2008). "Do Large Retailers Affect Employment? Evidence from an Emerging Economy." *Applied Economics Letters* 15(1): 65-8.

This article studies the effect of the emergence of large retailers (hypermarkets and department stores) on employment in the commerce sector in the regions of Chile. We use a panel with quarterly data from 11 Chilean regions for the period 1996 to 2004. Our results indicate that the entry of large retailers produces a discrete increase in employment in the commerce sector in the quarter that the entry occurs. We also find that there is an additional positive effect on employment throughout the year entry occurs, suggesting that

suppliers or other parts of the chain of production follow the large retailer into the local market. However, after the first year of the entry there is a partial reversion, suggesting that smaller retailers exit or contract in response to the entry of the large retailer. The net effect on employment of the entry of a large retailer is an increase of 300 jobs.

Código JEL: F / ECONOMÍA INTERNACIONAL

* López, R.A. (2008). “Foreign Technology Licensing, Productivity, and Spillovers.” *World Development* 36(4): 560-74.

This paper uses plant-level data from the manufacturing sector of Chile to investigate whether foreign technology licensing generates productivity spillovers to other plants in the same industry and to other plants in vertically related industries (potential suppliers and buyers of output). The results show that licensing in upstream sectors increases productivity of plants that purchase intermediate inputs from them. However, licensing in downstream sectors has a negative effect on productivity of suppliers of intermediate inputs. Finally, there is no evidence of intra-industry spillovers from foreign technology licensing.

* Siliverstovs, B. y D. Herzer (2007). “Manufacturing Exports, Mining Exports and Growth: Cointegration and Causality Analysis for Chile (1690-2001).” *Applied Economics* 39(2): 153-67.

This study examines the export-led growth hypothesis using annual time series data from Chile in a production function framework. It addresses the problem of specification bias under which previous studies have suffered, and focuses on the impact of manufactured and mining exports on productivity growth. In order to investigate if and how manufactured and mining exports affect economic growth via increases in productivity, the study uses Johansen cointegration technique. The estimation results can be interpreted as evidence of productivity-enhancing effects of manufactured exports and of productivity-limiting effects of mining exports.

Código JEL: G / ECONOMÍA FINANCIERA

* Guajardo, J. (2008). “Financial Frictions and Business Cycles in Middle Income Countries.” IMF Working Paper N° 08/20.

A standard DSGE small open economy model can not generate the cyclical regularities of middle-income countries. It predicts excessive consumption smoothing, and procyclical, instead of countercyclical, real net exports. Previous studies have solved this problem by increasing the shocks’ persistence or by lowering the intertemporal elasticity of substitution. This paper tackles the problem by introducing market imperfections relevant for MICs into an otherwise standard model. More specifically, I build a model with limited access to the foreign capital market, identified as an external borrowing constraint, and asymmetric financing opportunities across nontradable and tradable sectors, identified as a sector-specific labor financing wedge. The key parameters associated to these frictions are deduced to replicate selected data for Chile between 1986 and 2004. I find that both frictions are necessary to replicate the cyclical

regularities of middle-income countries as they help the model reproduce different features of the data: The external borrowing constraint makes investment and consumption of tradable goods more procyclical and volatile, and makes real net exports countercyclical, while the sector-specific labor financing wedge makes the model reproduce the cyclical moments of work hours and consumption of non tradable goods.

* Romero-Meza, R., C. A. Bonilla y M. J. Hinich (2007). “Nonlinear Event Detection in Chilean Stock Market.” *Applied Economics Letters* 14(13): 978-91.

This study searches for economic and political events that may explain the episodic nonlinearities detected in the returns series of the Chilean stock market index. This methodology is a reverse form of event study. After applying the Hinich portmanteau bicorrelation test to detect episodes of nonlinear behaviour of the index, we investigate what might be the explanation of this behaviour. Our findings may help to explain the difficulty to forecast asset returns. We also shed some light into the major political and economic events that contribute to the numerous short bursts of nonlinear dependence in the Chilean stock market.

* Söderling, L. (2008). “Credit Cyclicity in Chile: A Cross-Country Analysis.” IMF Working Paper N° 08/55.

This paper analyzes the determinants of credit cyclicity. It constructs a financial development index and studies whether it affects the amplitude of impulse responses to shocks to output, terms of trade, global liquidity, and global risk appetite. The paper uses both country-specific VARs for cross-country analyses and panel VARs to compare impulse responses between various country groupings. The study finds evidence that financial development—especially stronger creditor rights—can mitigate credit cyclicity, given that the response of credit to output or terms of trade shocks is stronger in countries with weaker financial systems.

Código JEL: O / DESARROLLO ECONÓMICO, CAMBIO TECNOLÓGICO Y CRECIMIENTO

* Goldberg, M y E. Palladini (2008). “Chile: A Strategy to Promote Innovative Small and Medium Enterprises.” Policy Research Working Paper N°4518. Bank.

With its strong export orientation and emphasis on competitiveness, the Chilean economic model has been the envy of its neighbors for more than a decade. However, there are underlying vulnerabilities. Historically, exports have been concentrated in mining and agriculture, sectors dominated by large firms that do not generate a large share of employment. Small and medium enterprises play a key role in employment generation and economic decentralization in Chile, yet their employment was stagnant between 2000 and 2004. Based on work completed in 2003, this study provides a review of the Chilean government’s substantial investment in programs that support small and medium enterprises. This review of government programs confirms the importance of coordination and an overarching strategy, in the form of a National Innovation System, led by a single institution. The review also finds that demand-driven programs were more likely to be sustainable. Finally, the study demonstrates that Chile (and other countries with many support programs for small and medium enterprises in place) needs an integrated management information system to analyze, assess, coordinate, and streamline the program portfolio for small and medium enterprises in the future.

* King, A. y C. Ramlogan (2008). “Is Latin America Catching Up? A Time-Series Approach.” *Review of Development Economics* 12(2): 397-415.

Most Latin American economies ended the twentieth century further behind the United States (in terms of productivity) than they had been in 1950. We investigate whether this reflects the effect of occasional economic setbacks or a systematic tendency to fall behind the United States. This is done using a time-series approach that allows for up to two structural breaks in a series. We find evidence that relative productivity is a (broken) trend-stationary process for most of the 18 countries considered but that only one, Chile, shows evidence of catching up with the United States at the century’s close.

* Lima, V. y R. D. Paredes (2007). “The Dynamics of the Labor Markets in Chile.” *Estudios de Economía* 34(2): 163-83.

Through flows from 3 states, employment, unemployment and out of the labor force, we analyze the dynamics of labor markets in Chile from 1962-2007. We identify some periods of different labor market regimes and relate them with changes in flexibility. We found that reforms such as that of 1967, which introduced the “just cause” requirement to fire workers, did not help workers to keep their jobs, but there is no evidence of significant changes in inflexibility. Other labor regimes significantly affected transitions, but surprisingly, it was the new regime identified in 1990, that increased mobility. We interpret this as the result of the consolidation of a flexibility prone model that, until then, had been associated with an unpopular imposition by the military regime. Finally, we do not find any evidence showing that after 1998 the changes in labor participation and consequently, that the explanations of the changes in the unemployment rate could be associated with “added and discouraged worker effects.”

Código JEL: Y / NO CLASIFICADOS

* Mizala, A., P. Romaguera y M. Urquiola (2007). “Socioeconomic Status of Noise? Tradeoffs in the Generation of School Quality Information.” *Journal of Development Economics* 84(1): 61-75.

This paper calculates a time series of simple, standard measures of schools’ relative performance. These are drawn from a 1997–2004 panel of Chilean schools, using individual-level information on test scores and student characteristics for each year. The results suggest there is a stark tradeoff in the extent to which rankings generated using these measures: i) can be shown to be very similar to rankings based purely on students’ socioeconomic status, and ii) are very volatile from year to year. At least in Chile, therefore, producing a meaningful ranking of schools that may inform parents and policymakers may be harder than is commonly assumed.

* Pagés, C. y C. E. Montenegro (2007). “Job Security and the Age-Composition of Employment: Evidence from Chile.” *Estudios de Economía* 34(2): 109-39.

This paper develops and tests a mechanism by which job security affects the age-composition of employment. This mechanism is based on the relative costs of dismissing young versus older workers resulting from job security provisions that are related to tenure. Using 39 consecutive annual household-surveys from Chile, we find that job security is associated with a substantial decline in the wage employment-to-population rate of young workers. In contrast, we do not find such a decline in young self-employment rates or in the

wage employment rates of older workers. Comparing results for men and women and using measures of relative dismissal costs, we find that the adverse effect of job security on youth employment is driven by the link between severance payments and tenure. We also find that job security does not have a significant impact on overall aggregate employment, participation or unemployment rates.

* Ruiz-Tagle, J. (2007). "Forecasting Wage Inequality." *Estudios de Economía* 34(2): 141-62.

Wage inequality in Chile has remained high for decades and it is currently at the center of the political agenda. Increasing education of workers is expected to contribute to reduce wage inequality. Based on historical trends of age, education, and returns to education, this paper attempts to forecast wage inequality. Despite an increase in average earnings due to higher levels of education of workers, high levels of wage inequality within age groups and within education groups produce that forecasted wage inequality remains high for the next 10-year period. The structure of the Chilean labor market appears to imply that there is a high level of underlying wage inequality. Nevertheless, the good news are that the labor market structure seems to prevent further deteriorations of wage inequality.