UNIVERSIDAD DE GRANADA

Master in Economics / Máster en Economía

III Workshop on International Trend s in Economic Research (III WINTER)

November 8th, 2024

Venue: Salón de Grados 2, Faculty of Economics and Business (https://maps.app.goo.gl/aGTgohjV9cPvjbaS9)

9.00-9.15. Opening

Session 1. 9.15-10.45. Chair: Lorenzo Ductor

Regional differences in tax competition intensity. Empirical evidence from the car-ownership tax in Spain. **Juan González-Alegre, University of Malaga.**

Inter-municipal cooperation and local revenues. **Sonia Paty, University of Lyon 2**.

Network effects or rent extraction? Evidence from editorial board rotation. **Lorenzo Ductor, University of Granada**.

Coffee Break. 10.45-11.15

Session 2. 11.15-13.45. Chair: Elena Molis

Do bankers want their umbrellas back when it rains? Evidence from typhoons in China. **Camelia Turcu, University of Orleans**.

The increasing share of low-value transactions in international trade. **Asier Minondo, University of Deusto**.

Group threshold when making a decision. **Elena Molis, University of Granada**.

Lunch. 13.45

Session 3. 15.15-16.45. Chair: Henry Aray

Economics of Grid Interconnections: A Heterogeneous Markets' Design Context. **Anas Damoun, University of the Basque Country.**

Pathway to Sustainability: The Role of Eco-Innovation and Income Inequality in Green Growth. **Pamela Efua Ofori, University of Insubria and University of Jena**.

An Analysis of Mergers in the Presence of Uncertainty in Renewable Energy Integration Costs. **Luis Gautier, University of Malaga**.

FACULTAD DE CIENCIAS ECONÓMICAS Y EMPRESARIALES

Abstracts

Regional differences in tax competition intensity. Empirical evidence from the car-ownership tax in Spain

Javier Asensio and **Juan González-Alegre**

This paper includes an empirical analysis to identify whether Spanish local authorities strategically react to the tax setting behaviour of their neighbours. We focus on the car ownership tax, which represents 11% of local tax revenue and has been subject to important changes by some municipalities lately. The empirical model estimates a different slope of the municipal tax reaction function for each province and provides evidence of significant tax competition, but with significant geographical heterogeneity. In a second stage, we empirically relate the tax competition intensity to the number of jurisdictions and their availability of other sources of revenue.

Inter-municipal cooperation and local revenues

Sonia Paty and Morgan Ubeda

This paper provides new evidence on the effects of inter-municipal cooperation (IMC) on local revenues. IMC can take different forms, involving both tax integration and joint provision of public services. Using data on the specific missions and fiscal regimes of communities in France, we are able to study both of them in the same empirical setting. We first show that business tax integration led to a significant increase of business tax revenues. Second when considering the transfer of specific services from the municipal level to the inter-municipal level we find heterogeneous effects on local revenues. Although no transfer of services leads to a significant increase of total tax revenues, we find positive effects on business tax revenues from cooperating on public transit policies. On the other hand, the transfer of water management decreases total tax revenues. Overall, the transfer of services to the IMC group had a limited impact on total tax revenues.

Network effects or rent extraction? Evidence from editorial board rotation (with Bauke Visser)

Lorenzo Dúctor

A department's yearly publication count in a journal increases when a member of the department joins the journal's editorial board. The common interpretation of this fact—that during the board member's tenure, departmental colleagues publish more—is inaccurate. In a sample of 106 economics journals covering 1990-2011, we estimate that of the observed increase in the publication count, 73% is (co-)authored by board members themselves. Their single-authored papers in a journal receive significantly less citations if they are on that journal's editorial board. We find no evidence that they discover attractive papers among their colleagues that otherwise wouldn't be published.

Do bankers want their umbrellas back when it rains? Evidence from typhoons in China

Camelia Turcu, P Avril and G Levieuge.

While a cataclysmic event might lead to a reduction in lending, due to the deterioration in agents' creditworthiness, banks are expected to support the recovery. This study investigates which effect dominates by exploring how typhoons affect the lending activities of banks in China. It relies on the exposure of more than 161,000 bank branches held by 327 Chinese banks over the period from 2004 to 2019. Our difference-in-difference estimates reveal that, on average, typhoons trigger a decrease in lending that accounts for 2.8 percent of total bank assets. This decline comes from commercial banks. On the contrary, rural banks act as shock absorbers. This may be the consequence of long-term lending relationships and banks' better knowledge of local economic and physical risks. The absence of rural banks is even found to be detrimental to local post-typhoon growth. Last, government ownership and external political pressure mitigate the relative decline in lending by typhoon-hit commercial banks.

The increasing share of low-value transactions in international trade"

Asier Minondo

This paper documents a new feature of international trade: the increase in the share of low-value transactions in the total volume of transactions. Using Spanish data, we show that the share of low-value transactions in the total number of transactions increased from 9% to 61% in exports and from 14% to 54% in imports between 1997 and 2023. The increase in the number of low-value trade transactions is explained by the rise of e-commerce and direct-to-customer sales facilitated by online retail platforms, and the fast-fashion strategy followed by clothing firms.

Group threshold when making a decision

Elena Molis, María Gómez-Rúa y Bernardo Moreno

On many occasions when an agent has to decide between 2 options, such a choice depends on a parameter exceeding a certain threshold. When the choice is collective, the final decision may involve some forms of aggregation of those individual thresholds. This paper aims to offer microfoundations of the aggregation procedure of these individual thresholds. In a model with two states and two decisions, we show that if Agents and societies are to maximize the expected utilities, the unique aggregation procedure satisfying desirable properties is the weighted average of the Agents thresholds.

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Economics of Grid Interconnections: A Heterogeneous Markets' Design Context
Anas Damoun

Heterogeneous grid interconnections are those linking regulated electricity markets to liberalised ones. This paper reviews how these interconnections operate, identifies their currently prevailing capacity allocation mechanisms, and investigates the economics of grid interconnections with a special focus on the peculiarities of the heterogeneous context. Our results reveal significant diversity on how heterogeneous interconnections function, and a similar variety of capacity allocation mechanisms they implement. Some of these mechanisms are familiar from homogeneous interconnections, while others are specific to the heterogeneous setting. We develop a conceptual framework illustrating how aggregate and individual social welfare in interconnected markets evolve with cross-border exchange. Our conceptual analysis shows that achieving a socially optimal outcome, represented by utilising all the available cross-border capacity up to full arbitrage, is unlikely to occur when individual markets behave strategically as incentives to hinder electricity flow exist. This inefficiency is amplified in the heterogeneous context, especially if the regulated market leverages information asymmetries to manipulate outcomes.

Pathway to Sustainability: The Role of Eco-Innovation and Income Inequality in Green Growth
Pamela Efua Ofori

Green growth is a novel theme gaining attention in the current era of environmental sustainability, with eco-innovation recognized as its key driver. However, income disparities may moderate the impact of eco-innovation on green growth. Despite its importance, empirical research on the interplay between eco-innovation, income inequality, and green growth remains scarce. In this study, I construct a comprehensive green growth indicator and estimate both the unconditional and conditional impacts of eco innovation on green growth in a panel of 108 countries from 1990 to 2021. The empirical results, derived from the two- step system GMM estimator, show that while eco-innovation enhances green growth, income inequality hinders it. Additionally, I found that income inequality is a negative mediator in the impact of eco-innovation on green growth. This negative total effect is particularly pronounced for higher levels of income inequality. These results are robust to different estimation techniques, and sub-samples of countries including panel quantile regression, splitting countries by income groups (high and low-and-middle-income). The empirical results highlight that eco-innovation alone is insufficient for promoting green growth; reducing income inequality is essential to fully leverage its benefits. Policymakers and countries are encouraged to adopt integrated approaches that promote both eco-innovation and equitable income distribution to achieve sustainable green growth.

An Analysis of Mergers in the Presence of Uncertainty in Renewable Energy Integration Costs
Luis Gautier

We study the incentives to merge for energy producers in the presence of distributed renewable energy producers. Utilizing a Cournot model, we explore how uncertainty surrounding the cost of grid integration influences the profitability of mergers, where uncertainty comes in the form of an industry-wide shock (or common) and firm-specific errors (private shock). We find that the effect of these uncertainties on merger profitability depends on average energy grid integration costs, the size of the merger, and quality of private information. Overall, results suggest that mergers are more likely to be profitable when firms can effectively absorb private shocks due to the scale of the merger, unless average grid integration costs become too high. The incentives to merge are less clear-cut in the presence of an industry-wide shock, unless the quality of private information is high enough.