

The 6th Sophia Research Workshop in Economics

Titles and Abstracts

Date: March 27th, 2023

Venue: 2-410 and Zoom

Session 1

① 13:05-13:45

Niklas Uliczka (Tohoku University)

When the Celtic Tiger relaxed its corporate tax bite: An analysis of effects on top and upper middle income shares in Ireland

In 1997, the Irish government introduced reforms to revolutionize corporate taxation, with focus on creating opportunities for tax neutrality and on reducing the standard corporate tax rate. Using the synthetic control method, findings suggest that the reforms had large positive effects on the income share of the top 1% and sizeable negative effects on the upper middle 40% of income earners. Such heterogenous effects indicate increasing income inequality due to targeted corporate tax incentives.

②13:45-14:25

Markus Heckel (German Institute for Japanese Studies)

The Effectiveness of Monetary Policy in Japan: Evidence from Market Operation-based Monetary Policy Indices

Open market operations (MOs) became an integral part of the unconventional monetary policy (UMP) when the policy rates hit the effective lower bound in major advanced countries since the 2008 global financial crisis. This study quantifies the impact of UMP carried out by MO on the macroeconomy in Japan from 2002 to 2019, based on four market operation-based monetary policy indices (MO-MPIs). One index is characterized by a broadly defined quantitative easing index while the other three are liquidity supply indices targeting different financial market segments. In our results, we identify three distinctive regimes with different policy impacts: (1) before mid-2008, (2) mid-2008 – mid-2016, and (3) after mid-2016. Contrary to popular belief, the drastic policy changes of April 4, 2013 (introduction of quantitative and qualitative easing) was not a regime changer. Moreover, UMP carried out by MO was the most effective in the second regime, with very strong impact of all MO-MPIs on macroeconomic variables such as GDP, CPI, government bond prices, and stock prices. Furthermore, MO-MPIs became substantially less effective in the third regime (after mid-2016), after the Bank of Japan introduced yield curve control.

Session 2

③ 14:35-15:15

Masaki Takahashi (Hitotsubashi University)

Provider Incentives for Capacity Utilization: Evidence from Patient Deaths

This paper investigates how provider's capacity utilization, bed occupancy, affects the provision of healthcare and patient outcomes. Using the administrative data on nursing home stays in Japan, we exploit patient deaths as an exogenous variation in bed occupancy. Our event study design and instrumental variable estimation show that lower occupancy increases admissions but does not affect discharges. Combined with an economic model, we show that the response of admissions is mainly driven by the change in the marginal cost of serving patients. We also find that high occupancy worsens patient outcomes by increasing discharges to hospital and decreasing discharges to home.

④ 15:15-15:55

Kohei Kamaga (Sophia University)

Evaluating climate policies by the Pareto principle: Efficiency when future identities are unobservable

Climate change is an externality since those who emit greenhouse gases do not pay the long-term negative consequences of their emissions. In view of the resulting inefficiency, it has been claimed that climate policies can be evaluated by the Pareto principle. However, climate policies lead to different identities of future people, implying that the Pareto principle is not applicable. Assuming that there are infinitely many future people whose identities are not observable, we specify conditions under which their spatiotemporal positions do not matter. This implies that the Suppes-Sen principle whereby rank-ordered streams are compared plays an important role and justifies the following dominance relation: A state a dominates another state b if a Pareto dominates b for existing people and Suppes-Sen dominates b for future people, with at least one of the two being strict. We illustrate the consequences of this dominance concept for policy choice.

Session 3

⑤ 16:05-16:45

Zhi-xiao Jia (Keio University)

Gendered Effects of Telework on Subjective Well-being during Covid-19: The Case of Japan

We investigate the effect of telework on employees' subjective well-being (SWB) in Japan during the Covid-19 period, with an emphasis on the potential gender discrepancies in the telework effect. We use the latest 4 available waves of Japan Household Panel Survey (JHPS) and its Covid-19 module conducted in early 2020 to early 2021 (i.e., within one year of the Covid-19 outbreak). Telework effect is estimated via both Fixed Effect (FE) and Difference in Difference (DiD) methods. We find that, telework decreases employees' SWB during Covid-19. However, this negative effect is significant only for males. We also find that, telework results in an expansion of housework and childcare hours for females. This is in line with gender expectations that females are caretakers, which would increase female teleworkers' affective utility following gender identity theory, and thus partially offset the negative affective effect from the increasing domestic burden. On the other hand, males' working hours are decreased when teleworking, which contradicts gender norms and would hence attenuate male teleworkers' affective utility. Although males' leisure time increases when teleworking, which would improve their SWB, the combined effect is still significantly negative. Thus, our results imply that Japanese males might still lexicographically value the conservative gender norm that males are breadwinners.

⑥16:45-17:25

Yuki Higuchi (Sophia University)

From hospitality to hostility: Impact of the Rohingya refugee influx on the sentiments of host communities

In 2017, Bangladesh received a sudden influx of Muslim Rohingya refugees from neighboring Myanmar. While the predominantly Muslim host communities initially expressed sympathy for the refugees, the prolonged stay substantially affected their livelihoods, and public sentiment gradually deteriorated. Using an incentivized joy-of-destruction game, we found that as many as 58% of the hosts paid to reduce support for the refugees. Our regression analysis revealed that the more exposed hosts paid significantly more but were not more likely to express negative opinions toward the refugees. This contrast indicates that the incentivized experiment elicited real (not cosmetic) hostility toward the outgroup.