

ANALYTICAL SUMMARY

Leonardo GASPARINI, Guillermo CRUCES and Leopoldo TORNAROLLI
“Chronicle of a Deceleration Foretold Income inequality in Latin America in the 2010s”.

Revista de Economía Mundial 43, 2016, pp. 25-46

After a decade of strong progress toward the goal of reducing the high levels of income disparities, there are clear signs of a deceleration in the pace of inequality reduction in Latin America. This paper argues that the deceleration is the result of two set of reasons. First, several of the driving factors of the fall in inequality in the 2000s have lost strength, due to “natural” motives; and second, the external conditions faced by the Latin American economies have worsened in the early 2010s, making further reductions in inequality more difficult.

Pablo ASTORGA JUNQUERA

“The Haves and the Have Nots in Latin America in the 20th Century”.

Revista de Economía Mundial 43, 2016, pp. 47-68

This paper offers for the first time income shares of the top 10% and the bottom 40% of the labour force for Argentina, Brazil, Chile, Colombia, Mexico and Venezuela in the period 1900-2011. The main findings are: i) over this period the top 10% share is, on average, 51.3% and the bottom 40% share 13.2%; ii) in the last thirty years the gap between both tails widened (54.6% vs. 11.9%), despite narrowing inequality in the 2000s; iii) there is no inequality levelling in the middle decades of the last century as experienced in the rich economies. This new long-term evidence confirms that the recent shared decline in inequality has no precedent in the 20th century; but it also shows that, as in the past, high concentration at the top 10% and a relatively low-income share of the bottom 40% continues to be the region’s inequality trademark.

Andrés SOLIMANO

“Is Inequality Really Declining in Latin America? Evidence on Income, Wealth and the Social Structure”.

Revista de Economía Mundial 43, 2016, pp. 69-92

This paper examines several dimensions of inequality in the Latin American region focusing on top income shares and Gini coefficients, top wealth shares and the size wealth distribution. It compares inequality of income according to household surveys and income inequality using tax data showing the former tends to underestimate top shares and Gini coefficients and therefore the extent of inequality. The social structure is assessed for economic elites, the middle class and the working poor.

Raymundo M. CAMPOS-VAZQUEZ, Luis F. LOPEZ-CALVA and Nora LUSTIG
“Declining Wages for College-Educated Workers in Mexico: Are Younger or Older Cohorts Hurt the Most?”.

Revista de Economía Mundial 43, 2016, pp. 93-112

A reduction in the wage premium for skilled labor –and a consistent reduction of overall wage inequality– has played an important role in explaining the fall of income inequality in Latin America during the 2000-2014 period. Consistent with that pattern, wage inequality declined in Mexico since 2000. This paper investigates the possible channels on why the wages of high-skilled workers have declined. Using data from Mexican labor surveys for the period between 2000 and 2014, we investigate if the decline was driven by wages declining more sharply for younger or older workers. We find that wages of older workers declined and the decline was more pronounced the older the cohort. This would seem to support the hypothesis that older workers' skills became obsolete.

Juan Carlos MORENO-BRID, Stefanie GARRY and Alice KROZER
“Minimum Wages and Inequality in Mexico: A Latin American Perspective”.

Revista de Economía Mundial 43, 2016, pp. 113-130

Mexico's minimum wage has experienced a persistent decline in real terms since the 1970s. At the same time the share of wages in national income has declined steadily, while inequality remains one of the most pressing socio-economic challenges. Despite some important recent progress in Mexican policy, raising the minimum wage in a sustainable manner to meet the constitutional mandate and support a reduction in inequality in the country requires a more profound policy change. This paper presents a brief analysis of the minimum wage in Mexico from a Latin American comparative perspective.

Eduardo GARZÓN ESPINOSA y Rafael FERNÁNDEZ SÁNCHEZ
 “Unit Labour Costs in the Success of German Exports (1999-2007)”.
Revista de Economía Mundial 43, 2016, pp. 133-160

The German commercial success is often associated to the strategy of internal devaluation that entailed a moderate wage growth. However, the main argument in this paper is that necessarily there have to be other important and different factors that explain the outstanding trade performance, especially the evolution of productivity derived from different export specializations between commercial partners. Therefore, the German export performance is studied in relation to the evolution of the unit labour costs focusing on both unit wages and productivity dynamics sorted by manufacturing branches and particularly in comparison with the four largest economies in the Euro Zone: Spain, Italy, France and the Netherlands. The main conclusion of the study is that the favourable German export dynamic was positively related to the development of unit labour costs primarily through the productivity performance and not via the evolution of wages.

Jose Francisco BELLOD REDONDO
 “PIGS: Fiscal Austerity, Structural Reforms and Potential Growth”.
Revista de Economía Mundial 43, 2016, pp. 161-178

In this paper we analyze the impact of austerity policies on long-term growth in countries of the European Union hardest hit by the economic, known crisis with the pejorative acronym PIGS (Portugal, Ireland, Greece and Spain). If the rate of long-term growth in the Eurozone has contracted by 1.4 points during the current crisis, in the case of the PIGS this contraction is in the range 2 – 5.6 points. The causes of this contraction are in the conjunction of nature pro – cyclical factors explaining potential growth, and the recessive bias austerity policies implemented in the European Union since 2010 in response to “the Euro crisis” caused by the distortion of the public accounts in Greece.

Carmen DIAZ-MORA and Erena GARCÍA LÓPEZ
 “Transnational Production Networks in the EU: Core Economies Versus Eastern and Southern Peripheries”.
Revista de Economía Mundial 43, 2016, pp. 179-204

This paper focuses on analyzing the strategy of international fragmentation of production and the evolution of the cross-border networks in the European Union. Using a gravity model for trade in parts and components in Machinery and Transport Equipment, our results emphasize the important role of the Core EU economies, in particular Germany, in these networks. Factors such as belonging to the EU as well as the geographical and linguistic proximity and the

institutional quality closely linked to the business sector favor the establishment and the intensity of the cross-border production chains. However, excessive economic differences between countries suppose, for the Core EU economies, an obstacle for the functioning of these sharing production networks, whereas for the East and South Periphery those differences suppose an impulse, pointing at the dissimilar profile of these areas (Core and Periphery) in the integration in global networks.

Laura CABIEDES MIRAGAYA

“Icelandic and Spanish Citizens before the Crisis: Size Matters...and Institutions Too”. *Revista de Economía Mundial* 43, 2016, pp. 205-234

In this paper, a comparative analysis between the main political citizen attitudes before the crisis in Iceland and Spain is carried out. After a brief review of political and economical antecedents, it was concluded that in Spain, as well as in Iceland, the key explanatory factors of the deep economic imbalances are located at the institutional sphere. The excesses are related in both cases to political clientelism and to diverse corruptions practices, in such a way that even the alarming signs that preceded “the official date” of the economic crisis, no convenient measures were adopted in time. In this context, the crisis has played a catalyst role, accelerating the demands aimed at achieving a better performance of the democratic system in both countries. Distrust in politicians and in political parties, as well as in other formal institutions, has not been translated neither in lack of confidence in the democracy system per se, nor in political apathy. Moreover, the discontent has been in both cases translated into both formulae of more political informal participation and of a greater support to more direct democracy, though through different channels and with different results. In the discussion, diverse hypotheses are explored in order to explain the main findings in the comparative analysis. On the one hand, some of the variables associated to small-states literature are taken into account, in order to argue the main differences found out between the Spanish and Icelandic cases. On the other, diverse hypotheses from the political science literature are considered in search of a plausible explanation of the major parallelisms found.