Summary

The Fear of Unemployment: Does Unemployment Matter?

Gimpelson V.E., Oshchepkov A.Y.

Using the RLMS data, the article examines fear of unemployment among Russian workers under different economic and labour market conditions over last 15 years. We employ two alternative measures for this fear. The first one looks at the fear of losing current job, while the second deals with the fear of not finding a relevant re-employment in case of displacement. In order to get the best possible measurement of unemployment for those local and social environments where our respondents live and work, we design unemployment rates for narrowly defined regional and demographic groups. Estimating ordered probit models for the both fear measures, and controlling for various workers and jobs characteristics, we do not find significant causal effects of unemployment on these fears in most of our specifications. These results are robust to exclusion of potentially endogenous variables, and hold regardless of variation in levels of job security. Moreover, our simulations show that even large increase in the rate of unemployment has little impact on conditional probabilities of expressing strong/weak fear of unemployment. Our findings allow to suggest that the high level and persistence of these fears can be explained by non-economic factors.

Key words: fear of unemployment; rate of unemployment; RLMS; Russia.

Efficiency Dynamics and Structural Characteristics of the Largest Commercial Banks in Turkey

Çınar Y.

Recent developments in Turkish economy have forced banks to account for expenses and loan losses while increasing their loan supply to become more profitable. In this context, this study evaluates the efficiency dynamics of the largest Turkish commercial banks, by focusing on their lending decisions and profit generating behaviors. Clustering methodology is used for grouping banks in terms of structural similarities. DEA Window Analysis method is applied in efficiency analyses. The results mainly indicate that, efficiency level in the sector improved during the study

period in general. It was not dramatically affected by the global crisis (in 2008), as well. Individually, banks exhibit different efficiency patterns relative to each other. Foreign banks outperform the others with respect to the efficiency models including only interest expenses and revenues. However, large-scale Turkish banks improve their efficiencies, when we consider non-interest returns in addition to interest gains. This conclusion implies that, non-interest revenues earned from diversified financial services have a crucial role in bank management. Results also show that, risk-taking behavior was more beneficial than conservative strategies in our analysis period.

Key words: efficiency; Turkish banking sector; Data Envelopment Window Analysis; cluster analysis.

Design of System of I-O Tables for Russia in 1995−2000 in Mixed OKONH − OKVED Format

Kim I.A.

Russian Input-Output tables, published by Rosstat for 1995−2000 are not methodologically comparable with foreign analogues. The main sources of incomparability are nomenclature differences. Some possible shortcuts to solve this problem are examined and our one is proposed. The main techniques applied are disaggregating and regrouping of columns of I-O or Use tables. Production account is used for accuracy control. An example of constructed data application is given.

Key words: OKONH; OKVED; I-O tables; Make and Use matrices; intermediate consumption; intermediate inputs; EU-KLEMS.

Education and Trust in Russia. An Empirical Evidence

Natkhov T.V.

In this paper we investigate the relationship between education and trust in Russia. Based on survey data of 68 regions of Russia our analysis showed that the average level of education in the region is the main variable that consistently correlated with the level of trust.

At the individual level, education is the main predictor of trust, as well as participation in the non-profit organizations and associations. Controlling for unobserved individual characteristics, we estimated the marginal effect of education − each additional year of education increases the probability of a positive answer to the trust question of 5%. In addition, education produces significant positive externalities − an increase of one individual's level of education positively affects the probability of trust and social consensus estimate by another. Possible mechanisms for this connection include socialization during the learning process, accumulation of personal contacts and formation of shared values.

Key words: education; trust; social norms; externalities.

On the Evaluation of Interest Rate Derivatives by Numerical Solution of Term Structure Equation

Makuev N.R., Shvedov A.S.

In a simple case the term structure equation for derivative price $u(x,t)$ is as follows:

$$\frac{\partial u}{\partial t} + a(x,t)\frac{\partial u}{\partial x} = \sigma(x,t)\frac{\partial^2 u}{\partial x^2} - xu,$$

where x is a short-term interest rate. Equation with the same left part as in above cited equation, and zero right part is called a convection equation. Central difference based approximation of derivative $\partial u / \partial x$ has become a wide-spread technique for solution of term structure equation by finite difference method. However, it is well-known that central differences cannot be used for approximation of derivative $\partial u / \partial x$ for finite difference approach to convection equation, as in this case it is necessary to take in account the direction of characteristics of the equation. That is, the difference scheme should possess some upwind properties. In this work we compare the central difference scheme and so-called mixed scheme that covers the case of dominating convection. We present an example when precision of the mixed scheme is more than ten times higher than that of central difference scheme.

Key words: stochastic interest rate; term structure equation; finite difference method.

A Life-Cycle Model with Myopic Decision Making

Borzykh D.A., Sholomitsky A.G.

A dynamic model of individual consumption, saving and labor supply with obligatory pension insurance is considered. A distinctive feature of the model is a myopic approach to decision making, as the decision horizon is bounded to two periods: current period t and the next period $t+1$. An analytic solution of a two-period optimization problem is obtained. The model generates labor supply and income age-related curves which agree with empirical observations.

Key words: life cycle models; intertemporal consumption; consumption and savings models; labor supply.