

Introduction and Overview

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This special issue of the *Ekonomia Journal* consists of revised versions of selected papers that were presented at the Warsaw International Economic Meetings 2007–2009, guest edited by Andrzej Cieřlik and Maksymilian Kwiek. The Meetings took place at Warsaw University and were organized in cooperation with the National Bank of Poland. The main purpose of the Meetings was to bring together young economists from various academic and commercial institutions both in Poland and abroad and to provide them with an international forum for discussion and the mutual exchange of research ideas.

The papers that have been collected in this special issue of the *Ekonomia Journal* make a distinctive contribution to contemporary debates in various fields of economics. The contributions cover great diversity of topics including political economy, international economics, labor economics, regional economics, public economics, financial economics, economic growth as well as economics of education. The content of this special volume is as follows.

In the first paper in this special issue “Employment Specialization in the Enlarged European Union” Aleksandra Parteka investigates empirically the evolution of absolute employment specialization in both the old and the new EU member countries using nonparametric as well as semiparametric estimation techniques. In particular, she estimates the relationship between employment specialization and the level of economic development, controlling for other determinants of the diversification process. According to her findings there is a clear tendency within the enlarged EU towards decreasing absolute specialization of employment at initial phases of growth matched with an upward rising trend after passing some critical level of GDP *per capita*.

In the second paper “Corruption and Social Norms” Łukasz Goczek studies the effect of an exogenous social norm of administrative corruption on the incentives to be corrupt for bureaucrats that participate in the non-cooperative principal-agent game using an evolutionary game theory. In his theoretical framework many density dependent effects including critical population thresholds, which separate equilibriums with low levels of corruption from equilibriums with high levels of corruption, are possible. Therefore, countries can be “stuck” in density dependent equilibriums as the level of corruption in a country moves towards either a high or a low equilibrium depending on the initial situation. This gives an important role to history as a major determinant of corruption that explains the existence of a “corruption trap”. Hence, according to this model only a drastic change in the incentives would be effective in moving the economy out of the high corruption equilibrium.

In the third paper “The Impact of International Trade and Foreign Competition on Labor Earnings in Poland” Elżbieta Stępień using disaggregated labor income data for 1999 and 2004 estimates the effects of trade and foreign direct investment liberalization on wages of skilled workers. She finds that trade and investment liberalization had a positive impact not only on wages of the least educated workers but also on those with university degrees. These results contradict the predictions of traditional trade theory based on relative factor abundance according to which the wages of relatively scarce factor should decline after opening to international trade and foreign direct investment. However, they are in line with predictions of the new trade theory models according to which increased foreign competition forces domestic firms to raise the salaries of the best educated workers.

In the fourth paper “Forecasting Turning Points with Composite Leading Indicators: The Case of Poland” Krzysztof Zalewski addresses the problem of short-term forecasting of economic activity and develops several Composite Leading Indicators of cyclical movements for Poland’s economy. These indicators allow him to forecast monthly changes in economic activity and provide early warning signals of possible turning points between expansions and slowdowns of the business cycle. This paper offers a plausible and sometimes even superior results as compared to outcomes obtained previously by other researchers. Therefore, his indicators can be employed by policymakers in forecasting to evaluate when it would be desirable to stabilize the economy.

In the fifth paper “Shadow Economy and Its Relations with Tax System and State Budget in Poland” Stanisław Cichoeki makes an attempt to measure the size of the shadow economy and then studies relationships between the shadow economy, the state budget and the tax system using the VAR model. According to his estimates the size of the shadow economy reported a steady decline from 40% of GDP in 1995 to about 10% of GDP in 2007. The impulse response functions obtained from the VAR model show that there exists a positive relationship between the shadow economy and the tax burden for indirect taxes, and a negative relationship between the size of the shadow economy and the effective tax rate for personal income tax as well as the budget balance.

In the sixth paper “Conditional Tests of Factor Augmented Asset Pricing Models with Human Capital and Housing: Some New Results” Olga Klinowska develops and tests an augmented capital assets pricing model with the wealth portfolio enriched by two additional kinds of capital: human capital and housing capital. In addition to this she introduces dynamics into the CAPM model by making risk premiums time variant and estimating it using dynamic factor methodology. The empirical results show that the augmented CAPM performs significantly better compared to the benchmark model.

In the last paper “On Importance of Main Economic Categories: JEL Codes Analysis” Krzysztof Karbownik and Małgorzata Knauff try to identify the main trends in economics in the last ten years by studying the importance

of various sub-fields in economics both in absolute and relative terms, as well as trends in their significance. Their analysis is based on the Journal of Economics Literature codes collected for 39 selected journals and covers papers published in years 1998–2008. This analysis can be very interesting from the point of view of young economists who are trying to find the research topics and the potential submitters.

Finally, thanks to generosity and continuous support of the President of the National Bank of Poland the WIEM best paper prizes were awarded to several young scholars at each conference. Maksymilian Kwiek in the concluding part of this special issue provides information about the WIEM prize and its winners.