

## Summary

### **Inflation, Real Exchange Rate and Monetary Policy in an Economy with Low Elasticity of Capital Flow on Interest Rate**

**Karev M.G.**

We consider a model of a small open economy that explains some important features of inflation and real exchange rate dynamics observed in the Russian economy and based on the assumption of low interest rate elasticity of capital flow. We demonstrate efficiency of the model in simulating the medium term dynamics of inflation and real exchange rate including the financial crisis of 1998 and its usefulness in forecasting the variables under given conditions including the current financial crisis. We derive a clear trade-off between inflation and real exchange rate appreciation in the presence of external shocks. We offer a comparative analysis of optimal monetary policy under conditions of low and high interest rate elasticity of capital flow.

### **An Empirical Analysis of Efficiency of Corporate Diversification in Emerging Markets: Evidence from BRIC Countries**

**Ivashkovskaya I.V., Shamraeva S.A., Gregoriadi E.E.**

Researchers have long tried to define the impact of corporate diversification on firm value. Academic papers mainly concentrate on the effects of corporate diversification in mature markets while its consequences in emerging capital markets are less explored. The article presents the results of empirical analysis of diversification strategies of the sample of 6 Brazilian, 9 Russian, 63 Indian and 50 Chinese companies. The research has been done in Corporate Finance Center, State University – Higher School of Economics. Using event study method we demonstrate that corporate diversification had a positive impact on a firm's value within the sample of the firms from BRIC countries.

### **Assessing Fiscal Stabilization and Sustainability of Public Finance in Russia**

**Vasilieva E.A., Vlasov S.A., Ponomarenko A.A.**

This paper evaluates the performance of fiscal policy in Russia during the period of 2003–2008 with respect to fiscal stabilization and fiscal sustainability aspects. The actual and structural indicators of macroeconomic impact of fiscal policy (budget balance, fiscal impulse) are estimated. The paper finds the procyclical elements in fiscal policy in Russia.

Different approaches to the definition of fiscal sustainability and calculation of stable levels of government finance indicators are analyzed. The sustainable stance of fiscal policy is estimated under different macroeconomic scenarios as an example of the practical implication of these approaches. The paper finds the necessity of toughening of fiscal policy in Russia in the long-run period.

### **Modeling the Duration of Unemployment Using the Data from Russian Longitudinal Monitoring Survey**

**Furmanov K.K.**

Russian Longitudinal Monitoring Survey (RLMS) is one of the main data sources for econometrical analysis of unemployment in Russia, along with the data from Public Employment Offices (PEO). RLMS data contain the information about non-registered unemployment which is not provided by PEO. Another advantage of RLMS data is that they are accessible for wide range of researchers. However, serious problems appear in analysis. Survey takes place only once a year, which makes measuring the duration of unemployment spells difficult and also leads to selectivity bias. The bias appears because longer spells are more likely to be observed while short spells that take place between the rounds of the survey remain unnoticed. In this article, a method for duration analysis using RLMS data is proposed and applied to the data concerning the duration of unemployment in Russia in 2000–2005.

### **The Return on Investments into Health in Modern Russia: Microeconomic Analysis**

**Roshchina Y. M.**

The aim of this research is the empirical estimation of economic return on positive and negative investments into health of Russian population. On the basis of the «Russia Longitudinal Monitoring Survey (RLMS)» data two regression models are estimated. In the first one we test the influence of individual investments into health on the probability to get some chronic disease, in the second – their effect on earnings. Survey of the occupied population of 18–60 years old in 2000–2005 is used. We estimate these models with lags effects: investments into health are measured in time  $T - 1$ , but incomes and health – in time  $T$ . Investments into health (positive or negative) here are considered as following characteristics: playing sports, the preventive physical examinations, healthy type of a food, level of labor loading and stresses, the alcohol and tobacco use, environment condition in the region, etc. Models estimations show the existence of the high influence of the healthy way of life (absence of bad habits, playing sports, etc.) on the health. Mincer model estimation proves that effect of these factors on earnings also exists, including the regression with random effects. In particular, the negative influence of the smoking experience, overconsumption of alcohol and both absolutely sober way of life, and positive influence of playing sports is found out for the whole sample.

### **On the Filtering Role of Education in Russia**

**Aistov A.V.**

In the paper the Russia Longitudinal Monitoring Survey data sets (2000–2006 years) are used to test screening hypotheses. According to the strong hypothesis individual's productivity is unaffected by the schooling, education serves only to identify more productive individuals and education credential could be used exclusively as

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a signal of individual's innate productivity. While the primary role of schooling is to signal, according to the weak hypothesis education may also augment inherent productivity. Empirical part of the paper is based on the estimates of Mincerian-type equations. As the result we have find evidences of the weak screening hypothesis and reject the strong hypothesis at the Russian labor market. In addition at the end of the paper it is shown that females' return to education decays not so fast with the firm experience increasing in contrast to males.