

## EXTENDED PROGRAMME

### DAY 1 - MONDAY, 27/03/2023

10:00-10:50 Meet and Greet (with Coffee and Breakfast Pastries)

10:50-11:00 Welcome Address

11:00-12:30 **Full Session 1 (Public Finance)** [Chair: Tash Brooks]

**Elena Renzullo (Ca' Foscari University of Venice)** -- *"Political Supply or Citizens' Demand? The Political Determinants of Early Childcare Provision in Italy"*

Abstract: The political supply (features of the politician in charge) and the citizens' demand (interest groups) are two crucial political determinants of public service provision. By leveraging the role of gender, this work studies the relevance of political supply and citizens' demand on public early childcare provision in Italian municipalities. Does the gender of the Italian mayor (political supply) matter for public early childcare? Does female employment (citizens' demand) affect nursery school provision? I rely on a causal sharp RDD strategy in closed mix-gender elections and on an IV strategy to answer these two questions taking into account the many empirical challenges. I find that Italian female mayors do not provide more extensive early childcare provisions than their male counterparts whereas female employment is pivotal for the availability of childcare spots and the expenditures for children between 0-3.

Discussant: Lucas Braga de Melo

**Isabel Micó Millán (University Carlos III)** -- *"The Effects of Inheritance and Gift Taxation on Upward Wealth Mobility at the Bottom: Lessons from Spain"*

Abstract: This paper studies the impact of inheritance and gift (IG) taxation on intragenerational wealth mobility by exploiting rich regional variation in tax rates in Spain. The regulation of the Spanish IG tax was decentralized to regional governments in 1996, resulting in substantial regional variation in tax rates since the mid-2000s. Using household panel data from the Spanish Survey of Household Finances, I document that higher inheritance taxes significantly and persistently reduce wealth mobility of heirs at the bottom of the wealth distribution. These wealth mobility patterns are explained by heirs at the bottom decreasing their financial wealth and increasing their personal credit debt. Liquidity constraints and restricted access to financial instruments help rationalize the rise in personal credit debt at the time of the tax payment. Illiquidity of inheritances and delays in selling inherited real estate help explain the persistence of the negative effect of inheritance taxes on bottom-wealth mobility.

Discussant: Elena Renzullo

**Lucas Braga de Melo (University of Nottingham)** -- *"Spillover Effects from Inter-Governmental Transfers between Local Jurisdictions in Brazil"*

Abstract: This paper estimates fiscal spillover effects between local jurisdiction in Brazil. I use an event study design to study if spillovers arise when a jurisdiction receives a discontinuous jump in its level of transfers from the central government. I find evidence that this revenue increase has positive spillover effects on neighboring municipalities' public expenditures. This public additional expenditure is funded by state and federal discretionary transfers. Results suggests that higher government spheres are compensating local jurisdictions near focal jurisdictions that are treated with additional resources.

Discussant: Isabel Micó Millán

12:30-13:30 Lunch

13:30-15:00 Keynote Address 1: Oriana Bandiera (London School of Economics) [Chair: Hettie Burn]

15:00-15:30 Coffee Break

15:30-16:30 Full Session 2 (Development) [Chair: Aitor Irastorza-Fadrique]

**Azhar Hussain (London School of Economics)** -- *"Sea-Level Rise and Structure Investment Dynamics: Evidence from Manufacturing Plants in Indonesia"*

Abstract: The impact of climate change directed through sea-level rise will be disproportionately large for coastal regions. And, coasts have long been known to attract population and economic activities. This paper considers spatial growth of building capital in Indonesia, parts of which are highly vulnerable to rising sea-levels. Previous studies, which ignore the coastal bias in fixed capital agglomeration and incomplete depreciation of existing buildings due to flooding episodes, find relatively small damages of infrastructure loss due to sea-level rise in future. In order to get to the overall costs of climate change, I develop a model of optimal investments under existing regional agglomeration and flood risk to predict the future stock of building capital in regions of Indonesia. I then nest this investment model in a spatial general equilibrium framework to estimate welfare costs and conduct counterfactual exercises.

Discussant: Samuel Marshall

**Samuel Marshall (University of Warwick)** -- *"Minimum Wages, Migration, and Monopsony: The Labor Market Effects of Tanzania's Sectoral Minimum Wage Bill"*

Abstract: To what extent do firms in developing countries comply with minimum wage laws, and how do they affect the location decision of workers? Tanzania enacted its first minimum wage law in 2010, which stipulated different levels for each industry. Using novel data from Tanzania's annual census of firms, I find evidence of partial firm compliance, with positive employment effects. To assess whether minimum wages are important to workers, I use a spatial equilibrium model which exploits variation in average minimum wages across space to determine their location choice. I find an elasticity of migration with respect to expected earnings of 0.39. This result is driven by changes in the minimum wage for which the direct effect on migration is 2.9 percent. This suggests that variable minimum wage laws can be used to reallocate labor into more productive sectors, even under partial compliance.

Discussant: Azhar Hussain

16:30-17:00 Coffee Break

17:00-18:00 Flash Session 1 [Chair: Qingchao Zeng]

**Tommaso Sartori (Institute for Social and Economic Research)** -- *"Boosting Attendance through Goal Setting: Evidence from a Randomized Experiment"*

Abstract: Can goal-setting improve student attendance? We implemented a randomized trial on more than 1000 students. We asked treated students to set an attendance goal during the spring term of their second academic year. They received weekly text reminders of their goal, as well as feedback on their progress against that goal. They could also opt to enter a commitment contract that would unlock a share of their compensation only if they achieved their goal. The intervention had a positive and statistically significant effect on attendance to lectures. Treated students recorded a 4.2% increase in participation over the remaining 6 weeks of the term. This corresponded roughly to 1 more lecture attended over the whole term. Students that took a commitment contract tied to financial incentive showed the largest improvement in attendance (10%) over the same weeks. We find no impact of the treatment on student academic performance.

**Gabriel Chaves Bosch (Queen Mary University of London) -- *"The Impact of Immigration on Native Entrepreneurship: Evidence from Spain"***

Abstract: This paper examines the impact of immigration on native entrepreneurship, by exploiting rich social security data and a unique immigration episode in Spain. I find immigration has a positive effect on native entrepreneurship, which is driven by the entry of new native entrepreneurs. I argue this effect is explained by immigration lowering labour costs, as immigrants were mostly absorbed in low-paying and low-skill occupations. Lower labour costs decrease the opportunity cost of becoming an entrepreneur and thus increase the entry of new entrepreneurs, who in the absence of the immigration episode would not have become entrepreneurs. I propose a simple model of occupational choice and immigration that formalises this argument. The main testable implication of the model is that after an immigration shock, new entrepreneurs are those who have a higher entrepreneurial ability amongst wage workers prior to the shock. The empirical results are consistent with this prediction. Therefore, entrepreneurship represents a relevant margin of adjustment to immigration-induced labour supply shocks

**Friederike Hertweck (RWI - Leibniz Institute for Economic Research) -- *"The Effect of Rankings on University Choice"***

Abstract: College rankings have been established over the past decades as an information and marketing tool all over the world. Yet, studies on college rankings could not identify the causal link between rankings and university choice - mostly due to lack of adequate data. This paper fills this gap by providing causal evidence on the link between college rankings and an individual's educational choice. Our analysis is based on several million college applications to UK colleges since 2007. The setting and data allow us to isolate the effect of ranks from other quality indicators and individual characteristics. The results show that students base their college choice on rankings if they got accepted by two institutions of very similar quality. The ranking position thereby acts as a major tie-breaker.

**Omar Hussein (University of Essex) -- *"Co-worker Networks and Occupational Change"***

Abstract: This paper investigates the role of the occupational composition of co-worker networks on the patterns of occupational mobility. Using establishment level linked employer-employee data from Germany, I study the relationship between occupational homophily in a worker's network and their probability of changing occupation. Occupational homophily is the fraction of an individual's direct connections with the same occupation as them. I use establishment identification to map co-worker networks, and employ local interaction discrete choice models to estimate the effect of constructed network variables on occupational change. I exploit the conditionally exogenous variation in the composition of a worker's network due to the firm hiring co-workers after them to identify the causal effect of networks. My results suggest a negative effect of occupational homophily on the probability of changing occupation, and that the effect varies in magnitude according to the occupation of origin and worker characteristics.

**Gerald McQuade (Lancaster University)** – *"Some People Feel the Rain; Others just Get Wet: Early-Life Shocks and Personality Trait Formation in Peru"*

Abstract: Little is known about how early-life circumstances may influence personality trait formation. I assess how exposure to rainfall shocks impacts core self-evaluations, a construct strongly associated with socioeconomic success, amongst young adults in Peru. I find high rainfall exposure in years 2-3 negatively affects scores. Additionally, high prenatal rainfall has a heterogeneous positive impact on scores, only affecting girls and those in the poorest households. In response to high rainfall, parents increase labour supply, impacting early-life interaction, and negatively affecting both caregiver's and children's long-term perceptions of their social relationship, with no effects on material investments or children's physical development.

19:00-21:00 Conference Dinner at Wivenhoe House Hotel



**DAY 2 - TUESDAY, 28/03/2023**

8:30-9:00 Morning Coffee (with Breakfast Pastries)

9:00-10:30 Keynote Address 2: Marco Francesconi (University of Essex) [Chair: Hettie Burn]

10:30-11:00 Coffee Break

11:00-12:30 **Full Session 3 (Crime and Political Economy)** [Chair: Annalivia Polselli]

**Marco Castelluccio (University College London & Institute for Fiscal Studies)** -- *"Mafia Infiltrations in Times of Crisis: Evidence from the Covid-19 Shock"*

Abstract: We investigate the way in which mafia-type organisations penetrate the legal economy. Specifically, we study the relationship between firm performance and mafia infiltration. To overcome possible endogeneity concerns we exploit the shock in revenues caused by the Covid-19 related closures imposed in Spring 2020 in Italy. Our estimates reveal that the induced sudden and significant worsening of affected firms financial conditions increased the likelihood of them being infiltrated by mafia connected entrepreneurs. Our preferred specification shows that Covid closings led to an increase in the probability of a firm getting infiltrated by the mafia by about 12% with respect to the baseline. At the same time, however, the measures adopted by the Italian government to ease access to formal credit for the most affected firms proved successful in counteracting such phenomenon.

Discussant: Giuseppe Musillo

**Antonio Laplana (Tilburg University)** -- *"The Retornados and the Effects of Decriminalizing (Hard) Drugs in Portugal"*

Abstract: What are the consequences of decriminalizing all drugs? In this paper, I estimate the criminal and political effects of a Portuguese drug policy reform implemented in 2001 that decriminalized all drugs in the country. Using a difference-in-differences strategy, I exploit the pre-legislation regional variation in drug use caused by the retornados migrants, who returned from the African colonies to Portugal in the aftermath of the 1974 Carnation Revolution, that marked Portugal's transition to democracy. Results point to a reduction in crime in Portugal, particularly in theft and burglary rates, due to the policy reform. Political parties that supported the new policy saw a slight decrease in voting in the short run, but there is no evidence of long-run political effects.

Discussant: Marco Castelluccio

**Giuseppe Musillo (Tilburg University)** -- *"The Persistent Effect of Entertainment Radio on Racial Attitudes: Superman and the Ku Klux Klan"*

Abstract: How does exposure to a children's entertainment product with pro-tolerant content affect racial attitudes? This paper offers evidence to answer this question by using the context of The Adventures of Superman, a radio show that in 1946 tackled racial issues by inserting pro-tolerant messages into its episodes. By exploiting the exogenous variation in radio signal reception deriving from the geographical configuration of the United States, I find that exposure to the show increased feelings of warmth and reduced stereotypical views towards African Americans among White respondents, and increased preferences for a more inclusive society. Furthermore, counties with greater exposure to the show displayed a reduced vote share for the segregationist presidential candidate George Wallace in 1968. The effect persists over time, and can still be observed in the present day.

Discussant: Antonio Laplana

12:30-13:30 Lunch

13:30-15:00 **Full Session 4 (Labour Economics)** [Chair: Bin Yu]

**Dan Xie (Queen Mary University of London)** -- *"Trade Liberalization and Firms' Monopsony Power in the Labor Market"*

Abstract: We study the effect of trade liberalization on firm's monopsony power in the labor market. We measure firm-specific labor markdown from production data in the manufacturing industry and document the trends in China between 1998 and 2007. Taking China's entry to WTO as a policy shock, we use a difference-in-differences (DID) approach combined with an instrumental variable (IV) strategy to show that tariff reduction decreased labor markdown among firms more exposed to trade shocks. We explore two potential channels with shift-share instruments to explain this decrease: 1) Trade liberalization leads to more migrants and higher demand for migrants decreases firm's monopsony power. 2) Trade liberalization increases the number of firms which also reduces firm's monopsony power.

Discussant: Ilaria Malisan

**Fabien Petit (University of Sussex)** -- *"Heterogeneous Adjustments of Labor Markets to Automation Technologies"*

Abstract: This paper examines the labor market adjustments to four automation technologies (i.e. robots, communication technology, information technology, and software/database) in 227 regions across 22 European countries from 1995 to 2017. By constructing a measure of technology penetration, we estimate changes in regional employment and wages affected by automation technologies along with the reallocation of workers between sectors. We find that labor market adjustments to automation technologies differ according to i) the technology involved, ii) the sector of penetration, iii) the sectoral composition of the region, and iv) the region's technological capabilities. These adjustments are driven largely by the reallocation of low-paid workers across sectors.

Discussant: Dan Xie

**Ilaria Malisan (University of Turin and Collegio Carlo Alberto)** -- *"With Honors. University Honors Programs and Graduates' Careers"*

Abstract: Can honors programs be an alternative way to nurture talent outside of elite institutions? This paper studies the causal impact of attending an honors program offered to high achieving students at a non-selective university. We exploit plausibly exogenous variation in the program's admission procedure, which leads to a strong discontinuity in the probability of admission and enrollment. We show the program works as both a recruitment device, increasing the probability of enrolling at the parent university, as well as a commitment device, reducing dropout rates for admitted students. We find that, while honors students from different backgrounds have different starting points in terms of academic achievements and prospects, they tend to converge by the end of the program. According to our findings, honors programs can be an effective tool to improve educational attainment and foster further human capital accumulation in talented students (+0.53 GPA points on a scale of 30), mainly through an increase in transitions towards PhD programs (+37 pp).

Discussant: Fabien Petit

15:00-15:30 Coffee Break

15:30-16:30 **Flash Session 2** [Chair: Dipanwita Ghatak]

**Pia Pannatier (University of Geneva)** -- *"The Effect of Opening Borders on Educational Choices in Switzerland"*

Abstract: This paper investigates the effect of a high skilled immigration shock on the educational choices of young natives at the end of compulsory schooling in Switzerland. I focus on a policy that facilitated the access of cross-border workers to the Swiss labor market. Exploiting variation in the inflow of mainly highly skilled CBW, I find that in contrast to the canonical labor supply model the policy increased the probability to enroll in university by 4.7-6.1 percentage points and decreased the probability to take up apprenticeship in the border region relative to municipalities further away from the border by 5.5-7.8 percentage points. The availability of high-skilled workers and the resulting increase in high-skilled wages pushed residents into tertiary education.



**Melchior Vella (Institute for Social and Economic Research)** -- *"The Relationship between the Big Five Traits and Earnings: Evidence from a Meta-Analysis"*

Abstract: The role and importance of personality traits in determining labour market outcomes remain largely contested. This meta-analytic review addresses the question of whether the Big Five traits are related to earnings. A comprehensive literature search identified 52 studies that met the inclusion criteria (1,307 regression coefficients). The findings indicate that Openness to Experience ( $\beta=0.019$ ), Conscientiousness ( $\beta=0.016$ ) and Extraversion ( $\beta=0.003$ ) are positively correlated with earnings, while Agreeableness ( $\beta=-0.017$ ) and Neuroticism ( $\beta=-0.018$ ) are inversely correlated with earnings. The study finds that the magnitudes of the earnings effects are modest to small, show a high degree of heterogeneity and are largely scaled down after accounting for publication bias. The main contributors to the observed heterogeneity are identified as being socioeconomic background, occupation, cognitive ability, and educational attainment. The study suggests that environmental factors play an important role in the relationship between personality traits and earnings, so omitting relevant factors from the empirical model could lead to omitted variable bias in the estimates.

**Francisco Nobre (University of Surrey)** – *"Business Improvement Districts in London and Property Prices: A Positive Externality from Collective Action"*

Abstract: In this paper we estimate the positive externality on residential properties from the creation of Business Improvement Districts, which are business-led entities that spend an yearly income on area-specific activities to improve security and environmental quality. Using the date of BID formation, extracted from their public ballots, we adopt a difference-in-difference methodology in which we geolocate the transactions to the boundaries of the nearest BID to define treatment and control groups. Our evidence suggests that BID creation led to an average increase of around 3% on house prices and 14% on probability of sale, which does not seem to be the result of an increase in housing supply. We also show that the effects vary across BIDs according to their financial resources and investments targets.

**Yannis Papadakis (Queen Mary University of London)** -- *"Technical Change from the Top: The Role of Director Nationality in Importing Robots"*

Abstract: How do directors impact robot adoption? Despite growing recognition of leadership in decision-making, we lack evidence on how corporate leaders shape technology. In this paper, I advance and corroborate empirically a hitherto undocumented mechanism: the role of nationality. The analysis benefits from corporate balance-sheet data with firm-director links and administrative trade data, where I can trace directors' nationality and identify robots. I provide evidence of this mechanism for UK-based firms for the period 2009-2019. I show that firms with US-JP directors (top-2 non-EU robot exporting countries) have a significantly higher probability of importing non-EU robots. The findings highlight the role of directors' nationality in the diffusion of technologies produced abroad.

16:30-17:00 End of Conference