

FIRST CONFERENCE IN APPLIED ECONOMICS

Hosted by the International College
of Economics and Finance (ICEF)

Higher School of Economics

Moscow, Shabolovka st. 26, building 3, room 3211
September 15, 2018



HIGHER SCHOOL OF ECONOMICS
NATIONAL RESEARCH UNIVERSITY



FIRST ICEF CONFERENCE IN APPLIED ECONOMICS

SATURDAY SEPTEMBER 15th, 2018

ABOUT ICEF

ICEF is a faculty of the Higher School of Economics that was established in 1997 in collaboration with the London School of Economics (LSE), the University of London (UoL), and with the support of the Russian business community.

Over the past 20 years ICEF has grown from a small College into a full-scale academic centre, recognized as one of the leading teaching and research economics institutions both in Russia and internationally. Currently over 1000 students are enrolled at ICEF and the College employs over 70 assistant and associate professors, 30 of whom have been awarded a PhD from leading universities in the USA, UK, France, Spain, Italy, Belgium and India. ICEF professors' research is regularly published in international peer reviewed journal, including TOP-5 international journals in economics and finance.

In 2018 ICEF includes: HSE and UoL BSc double-degree programme, which offers six specializations in the area of economics and business; international MSc programme in Financial Economics, in collaboration with LSE; and the International Laboratory of Financial Economics.

The organizing committee of the First ICEF Conference in Applied Economics consists of Prof. Fabian Slonimczyk (*chair, ICEF*), Prof. Markus Gebauer (*ICEF*), Prof. Vladimir Gimpelson (*Center for Labor Market Studies, HSE*), and Prof. Marco Francesconi (*Essex University*).

9:30 AM REGISTRATION DESK OPEN, WELCOME COFFEE

9:50 AM CONFERENCE OPENING

10:00 AM SESSION 1

Chair: Kevin Sheedy

1.A. *Designing investments in human capital, based on work motives – a study of ultra-religious Israeli women*

Presenter: Shoshana Neuman

Discussant: Arkaja Chakraverty

In this paper we focus on investments in human capital within the distinctive group of Israeli ultra-religious (Haredi) young women, using data from a field experiment. The human capital investments (curriculum and training) were tailor-made and designed specifically and exclusively for this unique group, to satisfy their work motives. The direct investments in human capital were supplemented by suitable work environments, and by work counseling. These steps are believed to lead to an increase in employment rates, to better integration of the trained female workers into the labor market, and to higher job satisfaction.

1.B. *Talent Matters: Evidence from Mathematics*

Presenter: Patrick Gaule

Discussant: Vitalijs Jascisens

This paper studies how talent translates into knowledge production, and whether this varies for talented people born in different countries. We construct an original dataset covering the career histories and scientific output of the participants to an international competition for high school students – the International Mathematics Olympiad (IMO). This enables us to measure talent in late teenage years in a com-parable manner across countries. We first document that performance at the IMO is strongly correlated with production of cutting-edge mathematics in later years. We provide evidence that this correlation reflects the underlying talent distribution rather than a success begets success dynamic. We then show that IMO participants from low-and middle-income countries produce consistently less mathematical knowledge than equally talented participants from high-income countries. Our results suggest that the quantity of lost knowledge production arising from cross-country differences in the productivity of IMO participants is sizeable, and that this lost knowledge production is not easily replaced by other mathematicians.

11:30 AM COFFEE BREAK

12:00 PM SESSION 2

Chair: Maxim Nikitin

2.A. Trade Liberalization and Economic Development: Evidence from China's WTO Accession*Presenter: Andrei Potlogea**Discussant: Ekaterina Kazakova*

We study the effect of improvements in foreign market access brought by China's WTO accession on Chinese local economies. We exploit cross-city variation in these improvements stemming from initial differences in sectoral specialization and exogenous cross-industry differences in US trade liberalization that originate from the elimination of the threat of a return to Smoot-Hawley tariffs for Chinese imports. We find that Chinese cities that experience greater improvement in their access to US markets following WTO accession exhibit faster population, output and employment growth as well as increased investment and FDI inflows. The benefits of WTO membership for Chinese local economies are augmented by significant local spillovers. These spillovers operate both from the tradable to the non-tradable sector and within the tradable sector. Within the tradable sector, spillovers are transmitted primarily via labor market linkages. We find important local demand linkages from the tradable to the non tradable sector. Most local service sectors benefit from trade liberalization. In particular, our evidence suggests that increased investment demand caused by trade liberalization drives financial sector growth. We find little effect of trade liberalization on local wages. Alongside our results on population and employment, this indicates that local labor supply elasticities are high in our setting. Our findings can be explained by a Lewis model of urbanization that combines geographic mobility with an abundant reserve of labor.

2.B. The Impact of Non-Cognitive Skills and Risk Preferences on Rural-to-Urban Migration: Evidence from Ukraine*Presenter: Hartmut Lehmann**Discussant: Shoshana Neuman*

This paper provides evidence on the impact of non-cognitive skills and attitudes towards risk on the decision to migrate from rural to urban areas. Our analysis is based on a unique four-wave panel of the Ukrainian Longitudinal Monitoring Survey for the period between 2003 and 2012. Adopting the Five Factor Model of personality structure, and using it in the evaluation of non-cognitive skills, our results suggest that the personality trait openness to new experience increases the probability of migration. On the other hand, the non-cognitive skills conscientiousness, agreeableness and neuroticism are found to be negatively associated with the propensity to migrate. The impact of an increased willingness to take risks is more complex in that it increases the proclivity to move from rural areas to cities but lowers the migration intention from rural areas to towns. The effects are quantitatively significant and are robust to several sensitivity checks, including tests of reverse causality.

1:30 PM LUNCH**3:00 PM SESSION 3**

Chair: Markus Gebauer

3.A. Democratizing Access to Higher Education in Russia: The Consequences of the Unified State Exam Reform*Presenter: Fabian Slonimczyk**Discussant: Patrick Gaule*

This is the first paper that evaluates the effects of a reform requiring Russian universities to make admission decisions based on the results of a national high-school exam. We show the reform led to a threefold increase in mobility rates among high-school graduates from poor peripheral areas to start college. This is robust to different techniques, samples, and specifications. The reform also implied increases in peripheral students' expectations to attend university, parental transfers, and educational expenditures. There is no evidence the reform affected parental labor supply, divorce, and employment outcomes of graduates who did not move.

3.B. Migrants Returns to Human Capital. Novel Method and Evidence from High Skill Migration from CEECs to the UK*Presenter: Joanna Tyrowicz**Discussant: Anna Yurko*

This paper proposes a novel approach to estimating returns to human capital of migrants, accounting for the bias stemming from return migration. We apply our method to the case of immigrants from Central and Eastern Europe in the British labor market over 2004–2016 span. We find that the tertiary education of those immigrants was rewarded roughly at par with secondary education of the natives in the UK. We also find that the bias stemming from return migration is relevant for estimating the returns, but yields relatively small bias in the average predicted wages.

4:30 PM SESSION 4

Chair: Vladimir Gimpelson

4.A. Parental Behavioural Preferences and Human Capital Mobility of Girls and Boys: Lab-in-the-Field Evidence from Rural Côte d'Ivoire*Presenter: Ralitza Dimova**Discussant: Hartmut Lehmann*

Most of the literature on education in less developed countries focuses on household (parental education and income) and locational-cum-institutional (schooling infrastructure) factors as determinants of educational outcomes. In this paper, we focus instead on parents' behavioural influences on children's progression through the schooling system through a combination of lab-in-the field experiments and survey data from 135 couples and their children in Côte d'Ivoire. Our main conceptual contribution is that we tease out the role of both differences in intrinsic behavioural

characteristics like risk aversion and differences in preferences towards household expenditure priorities among the parents and study how their resolution within the household bargaining mechanism affects child outcomes. An interesting finding is that parents' behavioural characteristics have diametrically different effects on girls' and boys' educational progressions, but bargaining over resources dampens the effect of these differences.

4.B. Torn Apart? The Impact of Manufacturing Employment Decline on Black and White Americans

Presenter: Eric Gould

Discussant: Markus Gebauer

This paper examines the impact of manufacturing employment decline on the socio-economic outcomes within and between black and white Americans from 1960 to 2010. Exploiting variation across cities and over time, the analysis shows that manufacturing decline negatively impacted blacks (men, women, and children) in terms of their wages, employment, marriage rates, house values, poverty rates, death rates, single parenthood, teen motherhood, child poverty, and child mortality. In addition, the decline in manufacturing increased inequality within the black community in terms of overall wages and the gaps between education groups in wages, employment, and marriage rates. Many of the same patterns are found for whites, but to a lesser degree – leading to larger gaps between whites and blacks in wages, marriage patterns, poverty, single-parenthood, and death rates. The results are robust to the inclusion or exclusion of several control variables, and the use of a “shift-share” instrument for the local manufacturing employment share. Overall, the decline in manufacturing is reducing socio-economic conditions in general while increasing inequality within and between racial groups – which is consistent with a stronger general equilibrium effect of the loss of highly-paid, lower-skilled jobs on the less-educated segments of the population.

7:00 PM DINNER AT THE RESTAURANT



Arkaja Chakraverty

ICEF, Higher School of Economics

Arkaja Chakraverty is an Assistant Professor at the International College of Economics and Finance of the Higher School of Economics. She obtained her PhD from Indian School of Business. Her area of research interests span Corporate Finance, Product-Market Competition, Labor Economics, Dividend Policies.



Ralitza Dimova

University of Manchester

Ralitza Dimova is a Development Economist and Research Director at the Global Development Institute of the University of Manchester. She received her PhD in Economics from the Catholic University of Leuven. Her current research focuses on Food Security, Labour Markets in Developing Countries, Intergenerational Transfers and Behavioral Field Experiments. Ralitza Dimova has published among others in European Journal of Development Research, Journal of Development Studies, Economic Development and Cultural Change, Review of Development Economics, Journal of Comparative Economics.



Patrick Gaule

University of Bath

Patrick Gaule is an Applied Microeconomist at the University of Bath. He has a PhD from the Ecole Polytechnique Federale de Lausanne. Patrick works at the intersection of Labor Economics and the Economics of Science and Innovation. Patrick Gaule has published his research in Journal of Industrial Economics, Review of Economics and Statistics, Science and Public Policy, Economics Letters, Research Policy and Journal of the American Society for Information Science and Technology.



Markus Gebauer

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Markus Gebauer is an Assistant Professor at the International College of Economics and Finance of the Higher School of Economics. He received a PhD in Economics from the Toulouse School of Economics. His main research interests are Labour Economics and Applied Macroeconomics.



Vladimir Gimpelson

FES, Higher School of Economics

Vladimir Gimpelson is an Associate Professor at the Faculty of Economic Sciences and Director of the Centre for Labour Market Studies at the Higher School of Economics. He holds a PhD in Economics and his professional interests include Labour Markets, Labour Economics and Transitional Economies. Vladimir Gimpelson has published among others in Economics and Politics, Russian Journal of Economics, Economics of Transition, Comparative Economic Studies, World Politics, The Journal of Comparative Economic Studies, British Journal of Political Science and Slavic Review.



Eric Gould

The Hebrew University of Jerusalem

Eric Gould is a Professor of Economics at The Hebrew University of Jerusalem. He obtained a PhD in Economics from the University of Chicago. His research focuses on various empirical issues, such as the causes and consequences of increasing income inequality, marriage market behavior, the economics of crime and terrorism, education, the effect of the environment on the economic and social outcomes of individuals, and immigration. Eric Gould has published among others in Economic Journal, Economics Letters, Review of Economic Studies, Labour Economics, Quarterly Journal of Economics, Journal of Public Economics, Review of Economics and Statistics, American Economic Review, and Journal of Labor Economics.



Vitalijs Jascisens

ICEF and FES, Higher School of Economics

Vitalijs Jascisens is an Assistant Professor at the International College of Economics and Finance and the Faculty of Economic Sciences of the Higher School of Economics. Vitalijs received his PhD in Economics from Toulouse School of Economics. His research interests include Labor Economics, Development Economics, and Public Economics.



Hartmut Lehmann

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Hartmut Lehmann is a Full Professor at the University of Bologna. He has a PhD in Economics from the London School of Economics and from the University of California, Berkeley. Hartmut Lehmann's areas of expertise include Development Economics, Experimental and Behavioral Economics, Labor and Household Economics. Among his numerous publications are articles in the Journal of Comparative Economics, Journal of Health Economics, Economics of Transition, Labour Economics, Industrial Labor Relations Review, Research in Labor Economics, Journal for Labour Market Research, European Economic Review, Journal of International Development, and Comparative Economic Studies.



Ekaterina Kazakova

FES, Higher School of Economics

Ekaterina Kazakova is an Assistant Professor at the Faculty of Economic Sciences at the Higher School of Economics. Ekaterina has got her PhD from the University of Mannheim. Her research interests are in the field of International Trade and Industrial Organization.



Shoshana Neuman

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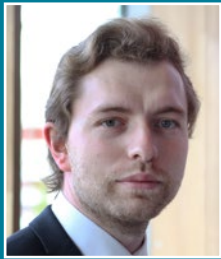
Shoshana Neuman is a Professor of Economics at Bar-Ilan University. She also received her PhD in Economics there. Among her research interests are Labor Economics and Economics of Human Resources. Shoshana Neuman has published in Journal of Labor Economics, The Journal of Human Resources, The Journal of Population Economics, The European Economic Review, Economic Inquiry, Applied Economics, Journal of Behavioral Economics, Journal of Political Economy, The Journal of Socio-Economics, and Journal of Econometrics among others.



Maxim Nikitin

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Maxim Nikitin is a Professor, MSc Programme Academic Supervisor and Deputy Director for research at the International College of Economics and Finance of the Higher School of Economics. He obtained his PhD from University of Pittsburgh. Professor Nikitin's research focuses on Macroeconomics and Law and Economics. Maxim has published in Games and Economic Behavior, Research Handbook on Economic Models of Law, Canadian Journal of Economics, Journal of Institutional and Theoretical Economics, Journal of Comparative Economics, and Journal of Law, Economics, and Organization.



Andrei Potlogea

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Andrei Potlogea is a Lecturer in Economics at the University of Edinburgh. He holds a PhD in Economics from Universitat Pompeu Fabra. His research interests include International Trade, Economic Geography and Urban Economics.



Kevin Sheedy

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Kevin Sheedy is an Assistant Professor at the London School of Economics and Political Science. He has a PhD from University of Cambridge. His research interests include Macroeconomics, Monetary Economics, Political Economy, and Housing Markets. Kevin Sheedy has publications in Journal of Macroeconomics, Economic Journal, American Economic Review, Journal of Monetary Economics, and National Institute Economic Review.



Fabian Slonimczyk

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Fabian Slonimczyk is an Associate Professor at the International College of Economics and Finance of the Higher School of Economics. He holds a PhD in Economics from the University of Massachusetts Amherst. The main research interests of Fabian are Labor Economics, Economic Development, and Economics of Transition. His research has been published in Economics of Transition, Research in Labor Economics, Journal of Economic Inequality, Labour Economics, Journal of Economic Behavior and Organization.



Joanna Tyrowicz

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Joanna Tyrowicz is a Professor of economics at the University of Warsaw. She also received her PhD in Economics there. Her area of research interests span Labor and Development Economics, Inequality, and Demographics. Joanna Tyrowicz has published in numerous journals including Journal of Comparative Economics, Review of Income and Wealth, Macroeconomic Dynamics, Economic Modelling, Applied Economics, Economics Letters, Economics of Transition, Comparative Economic Studies, Journal of Socio-Economics, and Review of Economic Analysis.



Anna Yurko

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Anna Yurko is an Associate Professor at the International College of Economics and Finance of the Higher School of Economics. She obtained her PhD in Economics from the University of Texas at Austin. Her fields of specialization include Family Economics, Labor Economics, Industrial Organization, and Computational Economics. Anna Yurko has published her research in Labour Economics and International Journal of Industrial Organization.



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