



SECOND CONFERENCE IN APPLIED ECONOMICS

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

Higher School of Economics

Moscow, 11 Pokrovsky Boulevard, building T, room T-510
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HIGHER SCHOOL OF ECONOMICS
NATIONAL RESEARCH UNIVERSITY



SECOND CONFERENCE IN APPLIED ECONOMICS

SATURDAY SEPTEMBER 14th, 2019

ABOUT ICEF

The International College of Economics and Finance (ICEF), an autonomous division of the Higher School of Economics (HSE) was established in 1997 in Moscow with academic support of London School of Economics (LSE). HSE is a leading Russian research-oriented university in the field of economics and social sciences, which aspires to become one of the top-100 world universities.

At present, ICEF has over 1,000 students within double-degree (UoL and HSE) BSc programmes and its own international MSc programme “Financial Economics” validated by LSE academics. It employs over 20 professors hired on the international job market with PhD degrees from leading universities in the USA, UK, France, Spain, Italy, Belgium and Canada. More than 1,500 ICEF graduates work or continue their studies in 35 countries all over the world, around 40% of graduates continue their education on masters and PhD programmes in Western universities. ICEF faculty members are actively involved in research and publish in leading international peer reviewed journals.

The Conference in Applied Economics is organized at ICEF for the second time. The organizing committee of the Conference 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

9:50 AM CONFERENCE OPENING

10:00 AM SESSION 1

Session chair: Jörn Rothe

1.A. *Basic Instincts? Female Fertility and Genes*

Presenter: Marco Francesconi

Discussant: Markus Gebauer

This paper explores how genetic endowment is linked to female fertility. Using data from the UK Biobank, which contain detailed genetic information on half-a-million individuals, we analyze the impacts of genes (G), environment (E), and their interactions (GxE) on seven fundamental fertility processes, from age at menarche to age at menopause. We find that both genes (polygenic scores) and environment are relevant to all processes, with GxE being important in most cases. In particular, being born in an area with a higher proportion of women using the pill (our measure of E) reduces age at first birth, teen fertility, and completed fertility, and increases age at first birth and the likelihood of childlessness. GxE reinforces each of these effects, except for the case of teen fertility. In the case of age at first sex, this reinforcement effect emerges only for the most recent cohorts. This suggests that genetic influences on fertility may be more important when social norms and economic conditions allow a broad range of life-course alternatives.

1.B. *Understanding the Effects of Legalizing Undocumented Immigrants*

Presenter: Javier Vázquez-Grenno

Discussant: Francesco Fasani

This paper studies the legalization of 600,000 non-EU immigrants by the unexpectedly elected Spanish government following the terrorist attacks of 2004. By comparing non-EU to EU immigrants we first estimate that the policy did not lead to magnet effects. We then show that the policy change increased labor market opportunities for immigrants by allowing them to enter sectors of the economy with fewer informal employment. We finally rely on cross-province comparisons to document that a) for each legalized immigrant payroll-tax revenues increased by at least 4,000 euros, b) the policy change deteriorated the labor-market outcomes of a selected group of low-skilled natives, improved the outcomes of high-skilled workers, and induced some low-skilled immigrants to move away from high-immigrant locations.

11:30 AM COFFEE BREAK

12:00 PM SESSION 2

Session chair: Maxim Nikitin

2.A. *Lift the ban? Labour Market Restrictions and the Employment Outcomes of Refugees*

Presenter: Francesco Fasani

Discussant: Laura Botazzi

Many countries impose temporary employment bans to recently arrived asylum seekers, a period during which take up of legal employment is not permitted. In this paper, we assess the long-term impact of such temporary employment bans on refugees' labour market integration. To do so, we use micro-data from the European Labour Force Survey that allow identifying refugees and combine them with newly collected data on the presence and length of employment bans across European countries, from 1985 onward. We estimate DID regressions exploiting geographical and temporary variation in employment bans and find that being exposed to an employment ban at arrival reduces employment probability in the medium-run by 15%. Importantly, these effects persist over time – fading away only after about 15 years – and are non-linear in the length of ban duration. Our causal estimates are robust to a number of identification tests: a placebo run on nonrefugee migrants, a triple DID where other migrants are used as the control group; and an IV strategy based on the 2003 EU directive setting a maximum duration to employment bans. The negative impact on employment primarily comes from reduced participation, suggesting that bans may persistently push refugees out of the labour market and into welfare.

2.B. *Culture and Schooling. Persisting Soviet Norms of Science and Gender Equality among Russian Immigrants in Israel*

Presenter: Claudia Senik

Discussant: Anna Yurko

We document the cultural legacy of the Soviet system on the education and occupation choices of descendants of Russian immigrants in Israel. The Soviet system had two main features: the strong prioritization given to science and technology, and a general context of equal labor market participation of men and women. We analyze the universe of education and occupational choices of Israeli youth, from middle school in 2002, 2003 to tertiary education and the labor market in 2016. We uncover a strong persistence of the aforementioned Soviet traits. First, descendants of Russian immigrants are stronger in eighth-grade mathematics and show preferences for STEM subjects in high school. Second, in tertiary education, they remain distinct from natives and other immigrants, but diverge by gender. In tertiary education Russian men remain almost exclusively within the STEM realm, while Russian women remain over represented in STEM compared to other women but also move into other fields, namely business and social science. However, they differ significantly from other women in the low percentage

of Russian women going into traditionally female “family oriented” professions such as education and social work.

1:30 PM LUNCH

3:00 PM SESSION 3

Session chair: Kevin Sheedy

3.A. *Climate, Displacement, and Conflict: the Effects of Floods on Urban Social Disorder*

Presenter: David Castells-Quintana

Discussant: Marco Francesconi

In this paper, we study the effect of displacement of population into (large) cities on conflict in urban areas. In particular, we test the effect of people displaced by floods on urban social disorder, for a panel of large cities in developing countries. To do so, we use a novel dataset on floods—distinguishing those that affected large cities directly from those that occurred outside of our sample of large cities. Floods outside large cities are found to be associated with faster growth of the population in the largest city, and in turn with a higher likelihood (and frequency) of urban social disorder events. Our evidence suggests that the effects of floods on urban social disorder occur (mainly) through the displacement of population, and the “push” of people into large cities.

3.B. *Status Traps in Social Mobility and Human Capital Investment*

Presenter: Kjell Salvanes

Discussant: Olga Slivko

Although intergenerational income mobility is high in Nordic countries, parental education still plays an important role in explaining educational attainment. Using machine learning techniques, we show that obtaining a college degree is not a continuous function of parental years of education and that there are discontinuities and interaction at different parental education levels. Parental earnings and the transmission of cognitive ability are not the only reasons for the status traps in education. Our findings suggest that parental education can compensate for lower cognitive ability, while paternal earnings cannot compensate for low parental education. Further, our empirical findings suggests that there are no margins at which characteristics of the extended family, region of birth, or year of birth significantly predict changes in children’s educational attainment.

4:30 PM SESSION 4

Session chair: Hartmut Lehmann

4.A. *Stereotypes in Financial Literacy: Evidence from PISA*

Presenter: Laura Botazzi

Discussant: Fabian Slonimczyk

In this paper, we provide two new explanations for the gap in financial knowledge between boys and girls. First, we show the important

role of the family, in particular the mother, in shaping the financial knowledge of girls. Second, we illustrate that the social and cultural environment in which girls and boys live plays a crucial role in explaining regional differences in the gender gap. Moreover, history matters: medieval commercial hubs created conditions favorable towards more egalitarian gender roles in society, and in those regions today, we see higher financial literacy among youths. Finally, financial knowledge affects the saving decisions of adolescent girls.

4.B. Emotions and Information Diffusion on Social Networks: Evidence from German Political Twitter
Presenter: Olga Slivko
Discussant: Vitalijs Jascisens

Recently, social media gained strong influence over many aspects of human behavior, ranging from individual consumption to political participation. It is thus important to understand factors that make online content more successful in attracting viewership and user engagement, transforming social media users from consumers to transmitters of online content. In this study, we address a particular mechanism of information diffusion, namely, the use of emotional words. We rely on a unique data set of 171,675 posts by the members of the German Parliament on Twitter during the period from August 2017 to October 2018. Combining information from several sources, we are able to control for many post and politician characteristics. We also analyze party-specific and topic-specific use of emotions. Finally, we develop an instrumental variable approach, exploiting the differences in weather conditions between Berlin and politician's home districts to explain the use of emotional words in their tweets. Our results suggest that the use of a positive emotional word increases the number of retweets by 5%, while an additional negative word leads to an increase by 13%. These effects are heterogeneous. More specifically, AfD, the right-wing populist party, profited most from the use of the negative sentiment. In addition, more polarized and salient topics show increased effects of the use of negative emotions in posts. Our results indicate, that policies aimed at the reduction of hateful speech on social networks may result in retaining diffusion of controversial messages.

8:00 PM DINNER FOR CONFERENCE PARTICIPANTS



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Laura Botazzi is a Full Professor at the Department of Economics of the University of Bologna. She received her PhD in Economics from Massachusetts Institute of Technology, Cambridge. Her research focuses on Real effect of liquidity crisis, Financial literacy, The economics of trust and culture in finance, Financing Innovation and Venture Capital and Entrepreneurship. Professor Botazzi has published among others in Review of Financial Studies, International Journal of Economics, Journal of Financial Intermediation, Journal of Financial Economics, Economic Journal, Journal of Private Equity, Journal of Money, Credit and Banking, European Economic Review, Applied Economics.



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David Castells-Quintana is a Visiting Professor at the Department of Applied Economics of the Autonomous University of Barcelona. He obtained his PhD in Economics from University of Barcelona. His area of research interests includes Economic Growth and Development, Inequality, Economic Geography and Urban Economics. David Castells-Quintana has published his research in Empirical Economics, Journal of Urban Economics, Journal of Regional Science, World Development.



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Francesco Fasani is an Associate Professor of School of Economics and Finance at Queen Mary University of London. He has a PhD in Economics from University College London. His research interests span Labour Economics, Economics of Migration, Crime and Applied Microeconometrics. Francesco Fasani has published in Journal of Development Economics, Review of Economics and Statistics, Economic Journal, Journal of European Economic Association, Economic Policy.



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Marco Francesconi is a Professor of Department of Economics at the University of Essex. He holds a PhD from New York University. Marco's main area of research is labour economics, with special interest in family economics, intergenerational links and labour market dynamics. His recent work has appeared in the Economic Journal, Journal of Labor Economics, Journal of the Royal Statistical Society, European Economic Review, Journal of Human Resources, and European Economic Review.



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Hartmut Lehmann is a Full Professor at the Department of Economics of 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*.



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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*.



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Jörn Rothe is a Director of Studies at the Department of Management at the London School of Economics and Political Science. He holds a PhD in Economics from the London School of Economics. The area of his expertise includes Economics of strategy and competition, strategy for the information economy, managerial economics, industrial economics, and game theory.



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Kjell Salvanes is a Professor at the Department of Economics of the Norwegian School of Economics. Kjell received his PhD from Norwegian School of Economics too. Professor Salvanes conducts research on a wide range of education, labor and health policy issues from returns to schooling, early investment in children and long term outcomes, inequality in income, health and education and intergenerational mobility. His work has been published in numerous leading journals, including the *American Economic Review*, *Quarterly Journal of Economics*, *Journal of Political Economy*, *Review of Economics and Statistics*, *Journal of Labor Economics*, *Economic Journal*, *Journal of Public Economics* and *The Journal of the European Economic Association*.



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Kevin Sheedy is an Assistant Professor at the Department of Economics of 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.



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Olga Slivko is a Postdoctoral Researcher in the Department of Digital Economy, ZEW – Leibniz Centre for European Economic Research. She received her PhD in Economics from the Rovira i Virgili University in 2012. Her research focuses on Economics of Innovation and Digitization, specifically, on the mechanisms promoting participation of individuals on digital platforms, and on the economic and managerial implications of digital platforms. Her previous work was published in the Journal of Economics and Information Systems Research.



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