10th End-of-Year Conference of Swiss Economists Abroad

December 18, 2015

University of Fribourg

Organizers: Enrico Berkes (Northwestern), Lorenz Küng (Northwestern), Patrick Arni (IZA Bonn),
Local Organizer: Mark Schelker (University of Fribourg)
Supported by the Swiss National Bank and the Swiss Society of Economics and Statistics
Learn more about our network at www.swisseconomistsabroad.org

10th End-of-Year Conference of Swiss Economists Abroad

Thursday, December 17

19:00 - 21:00	**Informal Dinner** [Cafe le Midi]

Friday, December 18

9:15 - 9:45	**Arrival, Registration, Coffee** [In front of Seminar Room G120]
9:45 - 10:00	**Welcome Session and a Word from our Partner, the SNB: Address by Carlos Lenz** [Seminar Room G120]
10:00 - 11:00	**Parallel Sessions 1 and 2**
	1. Public Economics [Seminar Room B205]
	2. Finance [Seminar Room B207]
11:00 - 11:30	**Coffee Break** [In front of Seminar Room G120]
11:30 - 12:30	**Parallel Sessions 3 and 4**
	3. Macro [Seminar Room B205]
	4. Behavioral & Theory [Seminar Room B207]
12:30 - 13:50	**Lunch** [Mensa]
13:50 - 14:00	**Welcome Session and a Word from our Partner, the SESS: Address by Monika Buetler** [Seminar Room G120]
14:00 - 15:00	**Parallel Sessions 5 and 6**
	5. Growth [Seminar Room B205]
	6. Finance & Macro [Seminar Room B207]
15:00 - 15:30	**Coffee Break** [In front of Seminar Room G120]
15:30 - 16:30	**Parallel Sessions 7 and 8**
	7. Applied Micro [Seminar Room B205]
	8. Measurement & Tools [Seminar Room B207]
16:30 - 16:45	**Break**
16:45 - 17:45	**Parallel Sessions 9 and 10**
	9. Environmental & Labor [Seminar Room B205]
17:45 - 19:00	**Apéro** [In front of Room G120]
19:00 - 21:30	**Dinner** [Restaurant L'Aigle Noire]

10th End-of-Year Conference of Swiss Economists Abroad

Thursday, December 17

19:00 - 21:00	**Informal Dinner** [Cafe le Midi]

Friday, December 18

9:15 - 9:45	**Arrival, Registration, Coffee** [In front of Seminar Room G120]
9:45 - 10:00	**Welcome Session and a Word from our Partner, the SNB: Address by Carlos Lenz** [Seminar Room G120]

10:00 - 11:00	**Session 1: Public Economics** [Seminar Room B205]
Dina Pomeranz	Do investment tax credits stimulate investments? Evidence from Chile
Stefan Staubli	Disability Benefit Generosity and Labor Force Withdrawal
Xavier Giroud	State Taxation and the Reallocation of Business Activity: Evidence from Establishment-Level Data

10:00 - 11:00	**Session 2: Finance** [Seminar Room B207]
Florian Eugster	Financial Reporting Quality and the Reaction to Earnings Announcements
Christophe Perignon	The Political Economy of Financial Innovation: Evidence from Local Governments
Dominique Badoer	Ratings Quality and Borrowing Choice

11:00 - 11:30	**Coffee Break** [In front of Seminar Room G120]

11:30 - 12:30	**Session 3: Macro** [Seminar Room B205]
Stefano Gnocchi	Monetary commitment and the level of public debt
Simon Alder	A theory of structural change that can fit the late rise in services
Daniela Hauser	Housework and fiscal expansions

11:30 - 12:30	**Session 4: Behavioral & Theory** [Seminar Room B207]
Patrick Gaule	It's Good to be First: Order Bias in Reading and Citing NBER Working Papers
Jean-Michel Benkert	Informational Requirements of Nudging
Stephan Meier	Money Left on the Kitchen Table: Exploring Sluggish Mortgage Refinancing Using Administrative Data, Surveys, and Field Experiments

12:30 - 13:50	**Lunch** [Mensa]
13:50 - 14:00	**Welcome Session and a Word from our Partner, the SESS: Address by Monika Buetler** [Seminar Room G120]

14:00 - 15:00	**Session 5: Growth** [Seminar Room B205]
Enrico Berkes	Does Innovation Potential Affect Local Development?
Stephan Litschig	Which Tail Matters? Inequality and Growth in Brazil
Carlos Ordas Criado	Human Capital, Renewable Resources and Endogenous Discounting in a Multisector Growth Model
14:00 - 15:00	**Session 6: Finance & Macro** [Seminar Room B207]
Charles B. Blankart	Why good friends have separate accounts
Thomas Maurer	Pricing Risks across Currency Denominations
Mathias Kruttli	Model-Based Priors for Predicting the Equity Premium
15:00 - 15:30	**Coffee Break** [In front of Seminar Room G120]
15:30 - 16:30	**Session 7: Applied Micro** [Seminar Room B205]
David Schönholzer	Estimating the Value of Local Public Goods Using the Real Estate Valuation of Municipal Annexations
Aline Bütikofer	Cognitive Ability, Noncognitive Ability and Migration: Evidence from Norwegian Enlistment Data
Lorenz Küng	Economic Power Calculations: An Application to the Intertemporal Elasticity of Substitution
15:30 - 16:30	**Session 8: Measurement & Tools** [Seminar Room B207]
Justine Falciola	Towards A Work Wellbeing Index: A Model-Based Approach
Yann Kobi	Counting What Matters, When It Matters: The Dynamic Relevance of GDP for Welfare
Markus Schaffner	Statdoc: document and explore
16:30 - 16:45	**Break**
16:45 - 17:45	**Session 9: Environmental** [Seminar Room B205]
Jeanne Tschopp	That is the Story of a Hurricane: Within Country Impacts of Extreme Weather Events
Christoph Odermatt	Krabi Clean Coal Power Plant and its economic impacts on Southern Thailand
Patrick Arni	Up or Down – Are Treatment Effects of Policy Changes Symmetric? Evidence from Unemployment Insurance Reform under Incomplete Information
17:45 - 19:00	**Apéro** [In front of Seminar Room G120]
19:00 - 21:30	**Dinner** [Restaurant L’Aigle Noire]

Abstracts

[20 minutes per paper, including discussion. The last person in a session is timekeeper.]

10:00 – 11:00 Session 1: Public Economics [Seminar Room B205]

Dina Pomeranz (Harvard) and Sebastian Bustos (Harvard)

Do investment tax credits stimulate investments? Evidence from Chile

Governments in developed and developing countries alike have introduced policies to reduce investment frictions especially for Small and medium enterprises (SMEs). Interventions to help SMEs vary form government sponsored credit guarantees, lower regulatory loading, and direct or tax subsidies. We explore the impact of an Investment Tax Credit (ITC) recently introduced by the Chilean government that aims higher SME investment by lowering the user cost of capital. A sharp discontinuity in the eligibility rule for the ITC provides a nice setting to evaluate the effectiveness of this type of interventions.

Stefan Staubli (University of Calgary) and Kathleen Mullen (RAND Corporation)

Disability Benefit Generosity and Labor Force Withdrawal

A key component for estimating the optimal size and structure of disability insurance programs is the elasticity of labor force participation with respect to benefit generosity. Yet, in many countries including the United States all workers face identical benefit schedules, which are a function of one's labor market history, making it difficult to separate the effect of the benefit level from the effect of preferences for work on individuals' withdrawal from the labor force. To circumvent this problem, we exploit exogenous variation in disability insurance benefits in Austria arising from several reforms to its disability insurance and old age pension system in the 1990s and 2000s. We use comprehensive administrative social security records data on the universe of Austrian workers to compute benefit levels under six different regimes, allowing us to identify and precisely estimate the elasticity of labor force withdrawal (disability insurance claiming) with respect to benefit generosity.

Xavier Giroud (MIT) and Joshua Rauh (Stanford)

State Taxation and the Reallocation of Business Activity: Evidence from Establishment-Level Data

In a sample of over 27 million establishments of U.S. firms with activities in more than one state, we estimate the impact of state business taxation on business activity. Only firms organized as subchapter C corporations are subject to the corporate tax code, whereas the income of partnerships, sole-proprietorships, and S corporations is passed through annually to the firm's owners and taxed at individual rates. For C corporations, both employment at existing establishments (intensive margin) and the number of establishments in the state (extensive margin) have corporate tax elasticities of -0.4. Pass-through entities, which serve as a control group for the corporate tax reforms, respond only to the personal tax code, with tax elasticities of -0.2 to -0.3. Around half of the effects are driven by reallocation of productive resources to other states where the treated firms have establishments. Capital shows similar patterns but is 36% less elastic than labor. A narrative approach confirms that the results are robust and strongest in the sample of tax changes that were implemented due to inherited budget deficits, long-run goals, or cross-state variation caused by Federal tax reforms.

10:00 – 11:00 Session 2: Finance [Seminar Room B207]

Florian Eugster (Stockholm School of Economics) and Alexander Wagner (University of Zurich, Swiss Finance Institute)

Financial Reporting Quality and the Reaction to Earnings

We investigate the effect of past financial reporting quality (FRQ) on the future market valuation of earnings surprises. High past FRQ (as measured by the lack of earnings management) is associated with stronger reactions to earnings surprises. The effect is more pronounced for firms with more institutional shareholders and in those with strong internal governance. Moreover, it exists almost exclusively in the Post-SOX period. We further document striking asymmetries: Negative FRQ surprises -- that is, negative residuals when FRQ is regressed on factors known to explain FRQ, such as managerial compensation incentives to increase the stock price -- more strongly affect market responses to earnings surprises than do positive FRQ surprises. And FRQ affects market responses to positive earnings surprises more strongly than it affects responses to negative earnings surprises. Overall, the results suggest that the market rewards high-FRQ firms by believing their future earnings news more. This channel of market discipline complements, rather than substitutes regulatory action (such as the SOX rules) and strong internal and external corporate governance.

Christophe Perignon (HEC Paris) and Boris Vallee (Harvard Business School)

The Political Economy of Financial Innovation: Evidence from Local Governments

We present an empirical investigation of the role of political incentives in the use of innovative financial products. The adoption of structured loans, a high-risk type of borrowing for local governments, is highly correlated with higher incentives for politicians to obtain immediate cash-flows. We also show that using structured loans helps politicians getting re-elected, mainly by allowing them to offer relatively lower taxes. Conversely, structured loan usage is hard to empirically reconcile with politicians' ex post claim that they do not understand the transactions. Our findings are supportive of financial innovation amplifying agency costs within the political system.

Dominique Badoer (University of Missouri at Columbia), Cem Demiroglu (Koç University) and Christopher James (University of Florida)

Ratings Quality and Borrowing Choice

In this paper, we examine how the quality of issuer-paid credit ratings affects the firm’s choice between “arm’s length” vs. intermediated (e.g., bank) debt. We argue that investors are more likely to question the quality of issuer-paid ratings when those ratings are more favorable than investor-paid ratings or market-based indicators of credit quality (e.g., credit default swap (CDS) spreads). Concerns about the quality of issuer-paid ratings, in turn, increases information asymmetries between potential issuers and investors. Consistent with this argument, we find that bond spreads are inversely related to our measures of ratings quality, with the ratings quality having the greatest impact on firms with high cash flow uncertainty. We also find that firms with poor quality ratings substitute bank loans and private debt for public debt. Using a difference in differences analysis, we find that bank borrowing leads to a significant reduction in the bond premium of firms with poor quality ratings. Overall, our results suggest that poor quality issuer-paid credit ratings are associated with a “lemons discount” that debt issuers attempt to avoid by borrowing from better-informed private lenders.

11:30 – 12:30 Session 3: Macro [Seminar Room B205]

Stefano Gnocchi (Bank of Canada) and Luisa Lambertini (EPFL)

Monetary Commitment and the Level of Public Debt

We analyze the interaction between committed monetary and discretionary fiscal policy in a model with public debt, endogenous government expenditure, distortive taxation, and nominal rigidities. Fiscal decisions lack commitment but are Markov-perfect. Monetary commitment to an interest-rate path leads to a unique level of debt. This level of debt is positive if the central bank adopts closed-loop strategies that raise the real rate when inflation is above target due to fiscal deviations; more aggressive defense of the inflation target implies lower debt and higher welfare. Simple Taylor-type interest-rate rules achieve welfare levels similar to sophisticated closed-loop strategies.

Simon Alder (Laval University), Timo Boppart (IIES, Stockholm University) and Andreas Müller (University of Oslo)

A Theory of Structural Change that Can Fit the Late Rise in Services

Structural change, i.e. the reallocation of economic activity across the broad sectors agriculture, manufacturing, and services, is a stylized fact of modern economic growth. This paper first documents the patterns of structural change over more than 100 years and then tests whether standard preference specifications can fit the data. Consumption expenditure data for the US and the UK show that trends in sector shares differ across time periods in important ways. While we observe a steady decline in agriculture and manufacturing and an increase in services since the Second World War, these patterns are fundamentally different when including the first half of the century. Going back to 1900 reveals a hump shape in manufacturing and a late rise of services in both countries. The choice of the time period has important consequences for whether the traditional theory can fit the data. The standard preferences used in the structural change literature is the Generalized Stone-Geary specification that includes subsistence consumption levels. We structurally estimate this specification using the aggregate time series data for the US and the UK. While the Generalized Stone-Geary form can fit the data after the Second World War relatively well, it cannot explain the late rise in services when extending the sample back to 1900. The subsistence level in agriculture binds in the early sample years, which would imply that the representative household starves. Furthermore, the structural estimates of the Generalized Stone-Geary specification are sensitive to the sample period.

Daniela Hauser (Bank of Canada), Stefano Gnocchi (Bank of Canada) and Evi Pappa (European University Institute)

Housework and fiscal expansions

We build an otherwise-standard business cycle model with housework, calibrated consistently with data on time use, in order to discipline complementarity between consumption and hours worked and relate its strength to the size of fiscal multipliers. Evidence on the substitutability between home and market goods confirms that complementarity is an empirically relevant driver of fiscal multipliers. However, we also find that in a housework model substantial complementarity can be generated without imposing low wealth effects that contradict the microeconomic evidence. Also, explicitly modeling housework, instead of assuming complementarity in a reduced form way, matters for welfare: abstracting from substitution between market and home-produced goods understates the cost of government expenditure shocks.

11:20 – 12:40 Session 4: Behavioral & Theory [Seminar Room B207]

Daniel Feenberg (NBER), Ina Ganguli (University of Massachusetts), Patrick Gaule (CERGE-EI) and Jonathan Gruber (MIT)

It's Good to be First: Order Bias in Reading and Citing NBER Working Papers

Choices are frequently made from lists where there is by necessity some ordering of options. In such situations individuals can exhibit both primacy bias towards the first option and recency bias towards the last option. We examine this phenomenon in a particularly interesting context: consumer response to the ordering of economics papers in an email announcement issued by the National Bureau of Economic Research (NBER). Each Monday morning Eastern Standard Time (EST) the NBER issues a "New This Week" (NTW) email that lists all of the working papers that have been issued in the past week. This email goes to more than 23,000 subscribers, both inside and outside academia, and the placement order is based on random factors. We show that despite the randomized list placement, papers that are listed first each week are about 30% more likely to be viewed, downloaded, and cited over the next two years. Lower ranking on the list leads to fewer views and downloads, but not cites; however, there is also some recency bias, with the last paper listed receiving more views, downloads and cites. The results are robust to a wide variety of specification checks and are present for both all viewers/ downloaders, and for academic institutions in particular. These results suggest that even among expert searchers, list-based searches can be manipulated by list placement.

Jean-Michel Benkert (Northwestern) and Nick Netzer (University of Zurich)

Informational Requirements of Nudging

A nudge is a non-coercive paternalistic intervention that attempts to improve choices by manipulating the framing of a decision problem. As any paternalism, it faces the difficulty of determining the appropriate welfare criterion. We propose a welfare-theoretic foundation for nudging similar in spirit to the classic revealed preference approach, by investigating a model where preferences and mistakes of an agent have to be elicited from her choices under different frames. We provide characterizations of the classes of behavioral models for which nudging is possible or impossible. For the case where nudging is possible in principle, we derive results on the required quantity of information.

Eric Johnson (Columbia University), Stephan Meier (Columbia University) and Olivier Toubia (Columbia University)

Money Left on the Kitchen Table: Exploring Sluggish Mortgage Refinancing Using Administrative Data, Surveys, and Field Experiments

Refinancing a mortgage is an important but complicated decision. Failing to do so optimally can cost borrowers thousands of dollars. This paper investigates a setting where the decision is easier because borrowers receive a pre-approved offer with no upfront monetary costs that offers a significant reduction in monthly payments ($204 on average). Based on administrative data from about 800,000 offers sent to borrowers, we show that more than 50% do not refinance. In doing so, they leave thousands of dollars on the table. A large-scale survey matched to the administrative data links this failure to suspicion about the motives of financial institutions. The deals of the bank seem to be too good to be true. In addition, we find that time preferences are somewhat related to failures to refinance. Evidence from three field experiments with about 100,000 borrowers each show that it is very difficult to increase applications rate in such an environment. Financial incentives, i.e. gift cards, to apply can even backfire — consistent with the interpretation that monetary incentives can increase suspicion even further.

14:00 – 15:00 Session 5: Growth [Seminar Room B205]

Enrico Berkes (Northwestern) and Ruben Gaetani (Northwestern)

Does Innovation Potential Affect Local Development?

In this paper, we examine the impact of an increase in innovation potential on local economic outcomes. We do this in three steps. First, we use the universe of contracts issued by US federal agencies from 2000 to 2015 to isolate the induced increased in patenting activity of contractors. To this end, we adopt a diff-in-diff approach to account for time-invariant firm characteristics. Second, we study how this increase in innovation activity propagates throughout a technological network inferred from patent citations. We show that this network is stable over time and use it to investigate how ideas spread across space and technology classes. This allows us to build a series of shocks to local innovation potential. We argue that, once the channel of input-output linkages is accounted for, these shocks are orthogonal to other shocks that affect local economic outcomes. Finally, we use them to estimate what is the causal impact of expanding the innovation potential of a geographic location on real economic outcomes.

Stephan Litschig (IAE-CSIC) and Maria Lombardi (UPF)

Which Tail Matters? Inequality and Growth in Brazil

We estimate the effect of initial income inequality on subsequent long-run income per capita growth using sub-national data from Brazil over the period 1970-2000. Controlling for initial income per capita and other standard confounders, we find that places with higher initial inequality exhibit higher subsequent growth. The effect is entirely driven by the lower tail of the initial income distribution: places with a lower share of income going to the bottom quintile at the expense of the middle class grow more rapidly, while places with a higher share of income going to the top quintile get no growth boost at all. Political economy channels are unlikely to be at work because redistributive policies mostly take place at upper levels of government. The results are however consistent with setup costs for human and physical capital investments in the lower tail of the income distribution and suggest that the incentive effects of inequality at the top are limited.

Carlos Ordas Criado (Laval University), Spyridon Boikos (Laval University) and Thanasis Stengos (University of Guelph)

Human Capital, Renewable Resources and Endogenous Discounting in a Multisector Growth Model

This paper proposes an endogenous growth model with human capital and a renewable natural resource. We consider a closed economy with three sectors (production, extraction and education) in which the representative agent allocates human capital across sectors and tunes consumption and resources stock to maximize his intertemporal welfare. The depletion of the resource penalizes long term growth by reducing the available amount of the natural resource for production. Following the recent environment's literature on endogenous discounting, we assume that consumers' rate of time preference depends on human capital and the quality of the environment. This framework is used to analyze how human capital, environmental quality and the discount rate interact to generate sustainable growth. In the empirical section, we combine several country-level panel datasets on forest area, climatic zones, human capital and examine how the key variables of our theoretical model are related. Intertemporal preferences are captured by the inverse of the death rates series provided by the World Bank. The applied exercise considers both linear and flexible regression approaches.

14:00 – 15:00 Session 6: Finance & Macro [Seminar Room B207]

Charles Blankart (Humboldt Univesity Berlin)

Why good friends have separate accounts

Before the euro, there were no Europe-wide currency crises. Such crises were limited to individual countries, usually those which, in the absence of a coherent tax system to raise revenue, financed their expenses by printing money and which therefore had to devalue their currency again and again. But those countries, too, benefitted from free inner-European trade. As long as the EU was a free trade area and little else, it was a success story, especially because it did not heavily interfere with the internal affairs of the member states. There was only the principle that every state had to pay its way. The member states were like close friends who kept their budgets separate, and who remained close friends because they kept their budgets separate. For as long as it stuck to this formula, the popularity of the European Union increased steadily throughout the years. It peaked with the implementation of the internal market in 1992. But since becoming a currency union in 1999, its popularity dropped. One reason is that under monetary union, the principle of 'close friends with separated budgets' was abandoned. Budget deficits of Greece were financed by issuing government bonds, which were accumulated in the portfolios of other member states' banks, especially French banks.

Thomas Maurer (Washington University), Ngoc-Khanh Tran (Washington University) and Thuy-Duong To (University of New South Wales)

Pricing Risks across Currency Denominations

We document a novel empirical regularity that investors in low interest rate countries earn substantially higher Sharpe ratios on identical carry trade strategies than investors in high interest rate countries. We further document that the exchange rate volatility increases with the interest rate differential of the two currencies involved. These observations necessarily place new restrictions on no-arbitrage models of international asset pricing. Our analysis naturally gives rise to a new non-parametric procedure to estimate country-specific stochastic discount factors (SDFs) from exchange rate data. In support of our approach, out of sample, the estimated SDFs sort linearly with national output gap fluctuations, and price a substantial part of the risk in equity markets as measured by equity premia.

Mathias Kruttli (Federal Reserve Board of Governors)

Model-Based Priors for Predicting the Equity Premium

This paper attempts to improve the forecast performance of single variable predictive regressions used in the equity premium prediction literature through Bayesian priors derived from consumption-based asset pricing models. To implement these model-based priors, I develop a Bayesian procedure which is rooted in the macroeconometrics literature. The priors are derived from four asset pricing models: Habit Formation, Habit Formation Term Structure, Long Run Risk, and Prospect Theory. The model-based priors can substantially increase the explanatory power of the single variable predictive regressions, resulting in considerable utility gains for a real-world investor. Further, they help to assess consumption-based asset pricing models in a novel way.

15:30 – 16:30 Session 7: Applied Micro [Seminar Room B205]

David Schönholzer (UC Berkeley)

Estimating the Value of Local Public Goods Using the Real Estate Valuation of Municipal Annexations

Spending on local public goods is worth 6% of U.S. GDP and employs 13.8 million people. It is largely unknown how these goods are valued and whether they are under- or over-provided. I aim to estimate the value of local public goods using more than 200,000 municipal annexations occurring in the U.S. since 1990. As municipal boundaries expand, they include areas formerly not receiving municipal services such as fire, police, sewerage or road maintenance. Using a large sample of real estate transactions across the U.S., I use an event-study framework to estimate the change in valuation after annexation. I then study how municipal expenditures and local politics correlate with variation in the valuation of local public goods.

Aline Bütikofer (Norwegian School of Economics) and Giovanni Peri (UC Davis)

Cognitive Ability, Noncognitive Ability and Migration: Evidence from Norwegian Enlistment Data

It has long been hypothesized that individuals' migration propensities not only depends on cognitive ability but also on noncognitive abilities such as adaptability. However, the empirical evidence has been scarce. We use data from the Norwegian military enlistment to assess the importance of cognitive and noncognitive ability on the decision to migrate within the country. We consider measures of noncognitive ability based on personal interviews conducted by a psychologist. We find strong evidence that cognitive ability is significantly and positively associated with migration and that individuals with high adaptability are more likely to move. However, the return to migration is much larger for men with high cognitive ability than for men with high adaptability.

Lorenz Kueng (Northwestern) and Lee Lockwood (Northwestern)

Economic Power Calculations: An Application to the Intertemporal Elasticity of Substitution

We calculate the economic loss of inertia in the context of intertemporal substitution of consumption. We then apply this loss to assess the economic power of different research designs to estimate the elasticity of intertemporal substitution. We argue that the size of the potential loss from inaction, i.e., from failing to adjust consumption immediately to changes in the interest rate is important for explaining the large differences in estimated elasticities.

15:30 – 16:30 Session 8: Measurement & Tools [Seminar Room B207]

Justine Falciola (University of Geneva) and Jaya Krishnakumar (University of Geneva)

Towards A Work Wellbeing Index: A Model-Based Approach

Since the first Human Development Report in 1990, a lot of attention has been given to three major dimensions of well-being: health, education and material well-being. While there is an extensive coverage of these key dimensions of human development in the literature on multidimensional indices, very few studies have included employment opportunities as one of the many dimensions of well-being. The International Labour Organisation (ILO) drew the attention of the international community to the concept of decent work as an integral part of well-being. The Decent Work program rests on four pillars: employment, social protection, workers' rights and social dialogue. This paper is an attempt at measuring decent work with adequate quantitative tools. Based on the four main concepts of decent work proposed by the ILO, we develop a Work Wellbeing Index offering a comprehensive picture of the capability set in the employment dimension. We compare the ranking of different countries according to this index, its components and other commonly used well-being indices.

Yann Koby (Princeton), Anders Nielsen Priergaard (Princeton) and Fabian Trottner (Princeton)

Counting What Matters, When It Matters: The Dynamic Relevance of GDP for Welfare

We provide a theoretical framework that allows to structurally assess the relative importance of market and non-market goods for welfare. The relevance of GDP as a measure of welfare is dynamically changing as a function of GDP itself, owing to an endogenously emerging demand for non-market goods. The implied welfare measure is hence also dynamically changing in the weight that it assigns to market and non-market components. A simple general equilibrium model is then proposed, where a principal supplies non-GDP goods to agents and firms behaving in competitive markets, providing an implementation of our conceptual extension. The underlying endogenous policy responses to economic conditions result in an increasing slope in the reduced-form relationship between log GDP and subjective well-being, as found empirically in Stevenson and Wolfers (2013), despite the fact that the actual contribution of log GDP to welfare stays constant or even declines.

Markus Schaffner (Queensland University of Technology)

Statdoc: document and explore

Statdoc is a small utility program (written in Java) that automatically documents data analysis projects. It is modelled after similar tools used in software development and as such supports good coding standards. Statdoc can operate either as a stand-alone program or from within Stata, producing a set of static html files that reveal information about the files in a given folder structure. Statdoc automatically identifies as much information as possible about the data, the variables, script files, and output files, and highlights the links between them. It features an enhanced documenting comment type, which allows recording of supporting meta-information. Thus, Statdoc enables the user to organise projects with ease and assists in uncovering information about other people's projects. The utility has been developed for use in real world research projects where a multitude of data sources, script files, and outputs are not uncommon. Since the documentation is produced as static html files, it also facilitates sharing complete information about a project on the web, increasing transparency of the data analysis process. Statdoc is available as an open source project on Github (for more information and examples see https://github.com/mas802/statdoc).

16:45 – 17:45 Session 9: Environmental & Labor [Seminar Room B205]

Jeanne Tschopp (Ryerson University) and Martino Pelli (Université de Sherbrooke)

That is the Story of a Hurricane: Within Country Impacts of Extreme Weather Events

In this paper, we consider the within-country, across-product impacts of hurricanes on export growth. While hurricanes are thought to exert large costs in terms of development on countries who bare the brunt of such events, there is little consensus on the literature to back up these claims. We argue that one reason for this is that the existing literature fails to take into account the potential for hurricanes to have differential impacts across products (or industries). We show that one important source of heterogeneity is a country's comparative advantage and demonstrate, using a triple-difference identification strategy, that product lines with lower comparative advantage suffer disproportionately more.

Christoph Odermatt (Chulalongkorn University)

Krabi Clean Coal Power Plant and its economic impacts on Southern Thailand

A new clean coal power plant is proposed to be built in Krabi, Thailand, to produce electricity for the increased electricity demand of the country's south. Currently, most parties involved in the project are looking at the possible environmental damages, but not looking at a possible transformation of the output share of the economic sectors. I analyze the economic impact of the power plant on the structure of the economy of a cluster of provinces around Krabi province. The study examines how this regional economy transforms itself after the proposed clean coal power plant is built and which sectors will benefit most in terms of employment, value added and output. The findings show that the energy related sectors and construction will grow faster in employment, value added and share of output in the region compared to the other sectors. The input-output tables are used to estimate the changes in the economy. The Flegg location quotient regionalizes the German and Thai national input-output tables, for Brandenburg and a cluster of provinces around Krabi respectively. Then, the percentage changes over time of the Brandenburg table are related to the Thai regional table. The percentage changes are adjusted with secondary data to include regional differences of Krabi region and Brandenburg, especially in logistics and mining. The study may be used for regional policy purposes in Southern Thailand.

Patrick Arni (IZA Bonn) and Xingfei Liu (Ryerson University, Toronto, and IZA)

Up or Down – Are Treatment Effects of Policy Changes Symmetric? Evidence from Unemployment Insurance Reform under Incomplete Information

Does introducing or abolishing a policy measure affect the eligible individuals in the same way - just with opposite signs? I.e., are the reform effects of moving to a more or less generous policy symmetric? Standard program evaluation results cannot answer this relevant question (and policy designers may thus implicitly assume symmetry of effects). To address this issue, it is necessary to identify a specific policy shock "within individual", which implies initially incomplete (deviating) information. We explore in this study a large-scale quasi-experiment in unemployment insurance where this is the case: Job seekers are confronted with an upgrade or downgrade of their benefit eligibility within their unemployment spell, without being initially fully informed about the change. They face, however, exactly the same size of treatment: an increase or decrease of the potential benefit duration (PBD) by 200 days. We compare the treatment effects of these update cases with the reference case, in which individuals are fully informed about their PBD. We identify this treatment effect around the threshold of age 25 where PBD rules change in the Swiss UI system. We find substantial differences in the treatment effects across the cases. The differences are consistent with patterns of loss aversion or of consumption commitment behavior (or of hyperbolic time preferences). Further results show that policy uncertainty reinforces the job finding effect of an upgrade shock.

Venues

Conference (December 18):

University of Fribourg
Seminar Rooms: B205, B207 & G120
Perolles Campus, Bd. de Perolles 90
1700 Fribourg/Switzerland

Informal Dinner (December 17):

Cafe le Midi
Rue de Romont 25
1700 Fribourg/Switzerland
www.lemidi.ch

Conference Dinner (December 18):

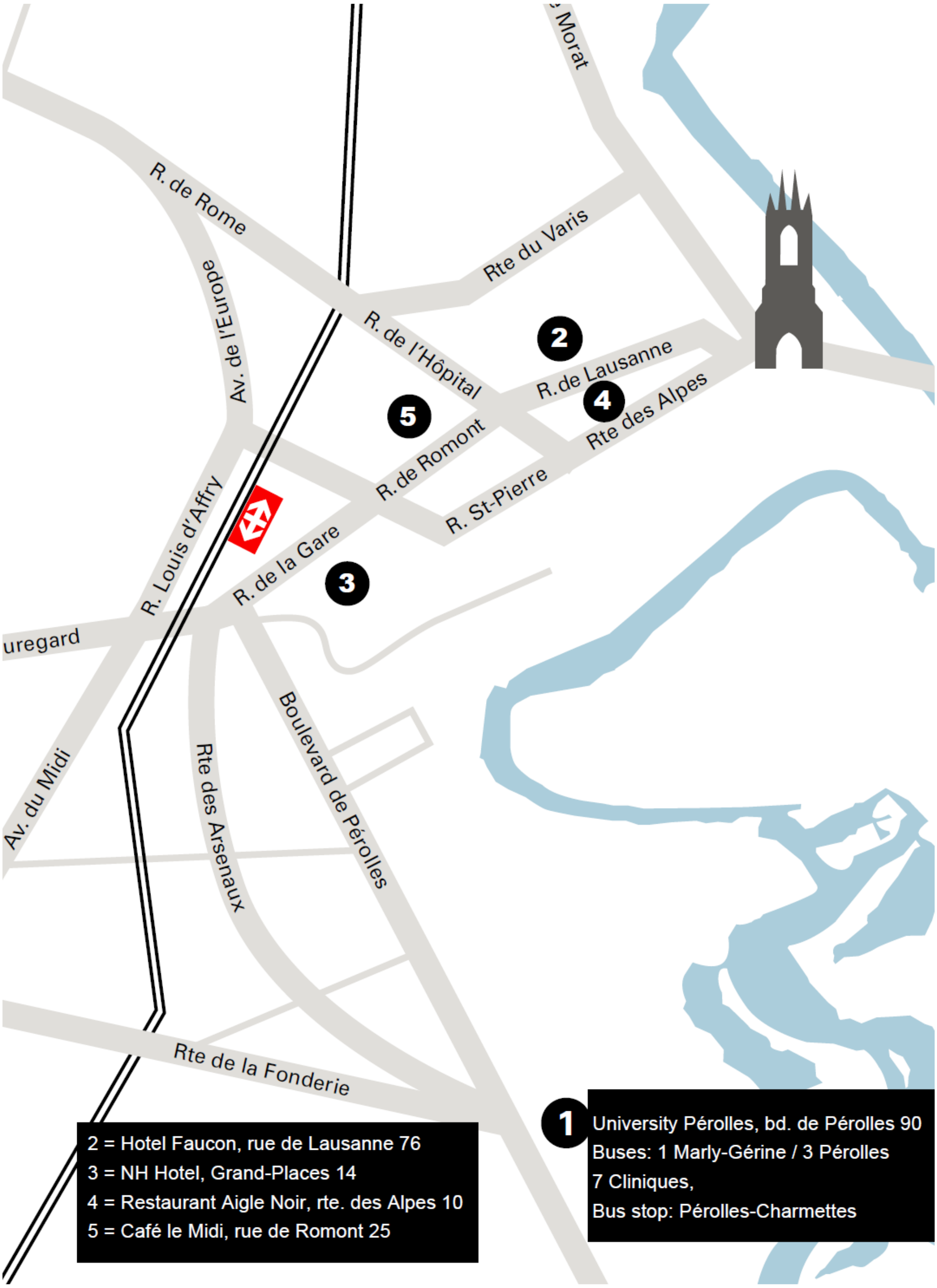
Restaurant L'Aigle Noire
Rue des Alpes 10
1700 Fribourg/Switzerland
http://www.aiglenoir.ch

Accommodation (17/18.12.2015 and 18./19.12.2015)

NH Hotel Fribourg
Grand Places 14
1700 Fribourg/Switzerland
Tel.: +41 26 351 91 91
http://www.nh-hotels.de/hotel/nh-fribourg

Hotel du Faucon
Rue de Lausanne 76
1700 Fribourg/Switzerland
Tel.: +41 26 321 37 90
http://www.hotel-du-faucon.ch/

Map



Morat
R. de Rome
Rte du Varis
Av. de l'Europe
R. de l'Hôpital
R. de Lausanne
Rte des Alpes
R. de Romont
R. St-Pierre
R. Louis d'Affry
R. de la Gare
uregard
Av. du Midi
Rte des Arsenaux
Boulevard de Pérolles
Rte de la Fonderie
2 = Hotel Faucon, rue de Lausanne 76
3 = NH Hotel, Grand-Places 14
4 = Restaurant Aigle Noir, rte. des Alpes 10
5 = Café le Midi, rue de Romont 25
1 University Pérolles, bd. de Pérolles 90
Buses: 1 Marly-Gérine / 3 Pérolles
7 Cliniques,
Bus stop: Pérolles-Charmettes

Campus Map


PER 11
PER 12
PER 08
PER 10
PER 09
PER 20
PER 21
PER 22
CFF / SBB
S
W
N
E