1. Kristian Behrens (UQAM, HSE)

What matters for choosing your neighbors? Evidence from Canadian metropolitan areas (with Oualid Moussouni)

Abstract: A corollary of the First Law of Geography and the Principle of Homophily is that "near things are more similar than distant things." We test that proposition using spatially fine-grained data on thousands of ethnic colocation patterns in the six largest Canadian metropolitan areas. These colocation patterns reveal that groups that are more similar along various non-spatial dimensions—language, culture, religion, genetics, and historico-political relationships—colocate more. Our results provide a quantitative glimpse at the 'deep roots' of homophily and the role that different characteristics—such as language or religion—play in the ethnic stratification of cities.

2. Christian Fischer (Bayreuth)

The Role of Trade in Tasks (with Hartmut Egger)

Abstract: We show in this paper that trade in tasks can provide a rationale for increasing resistance to globalization in industrialized countries. In a traditional trade model of a small open economy, we demonstrate that schooling provides protection against losses from trade if trade increases the relative price of the skill-intensive good. Furthermore, increasing public teaching expenditure may help securing support for trade reform by a majority of voters. However, this conclusion is no longer true, if education provides task-specific skills and trade in tasks makes some these skills obsolete in the open economy. In this case, increasing public teaching expenditure may be of limited help to secure support for trade reform by a majority of voters, even if the reform is welfare-improving. Our analysis suggests to change the education system to one that provides less specific skills in order to facilitate trade reforms. Although such skills may be less productive, they do not become obsolete in the open economy and therefore increase the likelihood that a proposal for a welfare-improving trade reform can be successful in a referendum.

3. Maxim Goryunov (Nazarbayev University, HSE)

Effect of large exchange rate shock on export: Evidence from South Korea (with In Kyung Kim)

Abstract: Spilimbergo and Duttagupta (200) and Blalock and Roy (2007) documented low response of export volumes during East Asia crisis (and related dramatic currency depreciation) of 1997-1998 for region at large and Indonesia, in particular. The latter even dubbed this finding an export puzzle. We revisit this export puzzle using data for South Korean listed firms. We find that the puzzle disappears, and in accordance with intuition Korean firms expand their export. We additionally combine the firm level-data with industry level input-output tables to investigate the role of supply chain dynamics and inter-industry linkages in exacerbating the exchange rate shock. We find that the negative effect of the exchange rate shock on domestic sales was amplified by industry reliance on imported inputs. At the same time, such reliance has not affected export expansion.

4. Sergey Kichko (HSE)

Income heterogeneity, redistribution and trade (with Pierre M. Picard)

Abstract: This paper studies the effect of skill distribution and income redistribution across individuals on firms' pricing, product diversity, and on welfare of individuals whose preferences are non-homothetic. We show that income redistribution does not alter product prices and diversity for the broad class of Pollack's (1971) preferences which includes CES. For several other classes of preferences, an uneven increase in each individual income, accompanied by lower variance in income inequality, leads to higher product prices and broader variety. We apply our setting to trade in order to investigate how income redistribution in one country affects market outcome in each country. In particular, we show that local market prices move in the opposite direction while mass of firms in each country change in the same way.

5. Giordano Mion (Sussex)

Dream Jobs

Abstract: The labour economics literature pays limited attention to the role of experience in that, in most analyses, it does not matter in which firms a worker has gained experience in the past; all what matters is the number of years of experience. Using detailed employer-employee data for Portugal over the period 1991-2006 we show the differential value of experience depending upon the characteristics of previous employers. More specifically, we focus on young managers for which we can follow their entire career and draw a distinction between internationally active firms (exporting, importing, or foreign owned) and other firms. We show that: (i) The internationally active firms wage premium found in many previous analyses is entirely driven by the number of years a manager has spent in internationally active firms in the past (international experience); (ii) international experience is fully portable across jobs in that it is equally paid by internationally and non-internationally active firms; (iii) International experience explains a substantial portion of the observed positive correlation between manager fixed effects (better managers) and internationally active firm status (better firms); (iv) When allowing for the return on both standard experience and international experience to depend upon manager ability we find that one more year of standard or international experience is more valuable to better managers; (v) In a cross-section of wages international experience alone explains roughly as much variation in the data as more standard individual-level variables (experience, education and tenure) combined together.

6. Vincent Rebeyrol (Toulouse School of Economics)

Protection without discrimination

Abstract: This paper shows that some Non-Tariff Measures (NTMs) may be designed to fully respect the non-discrimination principle of the WTO and still act as a protectionist device. The argument is based on a profit shifting effect between firms, within sectors. A NTM, by increasing production costs of all operating firms in a market, forces the least efficient firms to exit. This however increases market shares of surviving firms that therefore may benefit from this measure. But it also distorts the relative cost structure of domestic firms with respect to foreign exporters. While non-discriminatory at the micro level, this policy can thus generate

protectionism at the aggregate level, by forcing relatively more foreign exporters to exit. The model further shows that trade liberalization magnifies the benefits of this policy. Finally, if the productivity distribution of firms differs among countries, the low productivity country cannot retaliate to the protectionist policy of the high productivity country. Starting from the non-cooperative equilibrium, the model shows that to be Pareto improving, a trade agreement would require an international income transfer between countries, which is at odds with the principle of reciprocity in trade negotiations.

7. Jan Schymik (Mannheim)

Human Capitalists and the International Division of Labor

Abstract: This paper examines the impact of global sourcing on inequality at the top of corporate hierarchies, using a linked manager-firm dataset covering information for more than 25,000 managers across listed firms in the U.S. and the U.K. I find that global sourcing contributed substantially to rising top inequality, in particular due to an increasing dispersion in the value of managers' equity ownership. To rationalize these empirical regularities, I develop a model that introduces simple incentive comprenation contracts into a multi-sector span-of-control assignment model that endogenizes the level and sensitivity of managerial compensation in general equilibrium. An increase in the supply of foreign production labor raises top inequality in managerial incomes and equity wealth across domestic firms such that managers in larger firms obtain steeper incentives due to larger pay-performance sensitivity. This mechanism increases wealth-performance sensitivies of managers in relatively large firms due to an appreciation of the firms' stock prices. Estimating the model for the U.S. and the U.K. suggests that the global division of labor can explain a substantial fraction of the variation in managerial incomes.

8. David Gomtsyan (HSE)

Wage Dispersion in the Gig Economy (with Maria Grebenshchikova)

Abstract: Over the recent years online platforms for various services experienced a rapid expansion. This provides new challenges and opportunities for the study of labor market. Such platforms provide sources of earnings for many workers and economists need to understand how the presence of these new opportunities will change the labor market and the role of factors determining the position of individuals on such platforms. At the same time online platforms contain wealth of information about characteristics of workers which cannot be observed in administrative datasets and most economic studies considered those factors as unobservable.

In this paper we study a large Russian online platform for tutorship. This platform match tutors and students for various subjects. The platform provides detailed information on each tutor (education, certificates, tutorship courses taken, online reviews). Tutors also set their individual rates charged per course. We focus on individuals providing tutorship services for the preparation for the Unified State Exam for math which is a standardized test across all Russia and is required for the admission to universities. Our sample includes over 10000 tutors in various cities in Russia. By focusing on the preparation of a specific math exam we claim that we observe prices charged by workers for performing a specific task rather than workers employed in a specific industry or occupation. Furthermore, since all these workers are providing

their services through the specific online platform all the differences in rates come from workers' characteristics and are not confounded by firm factors. In the paper we use text mining techniques to discern detailed characteristics of workers.

Our regression analysis shows that observables can explain about half of the variation in rates set by tutors. The level of education, availability of teaching materials and reviews are important factors determining rates charged by tutors. We also find that gender does not play a role in explaining wage difference. This result confirms the expectations that the "gig" economy will reduce the gender wage gap (Hyperwallet, 2017).

In the second part of the paper we use the residuals obtained from the regression described above and compare their distribution across Moscow and other cities with population around 1 million (Eeckhout et al. 2014, JPE). The results show that the tails of the distribution of residuals for Moscow have substantially fatter tails than in smaller cities. Since our study is focusing on wages for a specific task and uses detailed characteristics of workers we can use this result to shed more light on this empirical regularity and evaluate on competing theoretical explanations.