



FOCUS

Labor Mobility, the Housing Market and Labor Market Outcomes



In the framework of the ARC research project on “Geographical Mobility of Workers and Firms”, IRES organized in Louvain-la-Neuve an international Conference on “Labor Mobility, the Housing Market and Labor Market Outcomes”. This workshop was held on May 22-23, 2014. Regional disparities in unemployment and wages are large, often persistent, and presumably not efficient. To what extent is it due to a range of frictions (search-matching frictions, lack of labor mobility...), imperfect competition or discrimination? Is the functioning of the housing market (homeownership, housing busts...) part of the explanation? Do agglomeration forces reinforce/reduce these disparities? Is public intervention an additional cause or instead required to correct inefficiencies? The workshop aimed at bringing together high-quality papers that deal with explanations of this phenomenon. During the workshop, three keynote lectures were given by respectively Paul Beaudry (University of British Columbia, Canada), Etienne Wasmer (Sciences-Po, Paris, France) and Yves Zenou (Stockholm University, Sweden). Fifteen other presentations from all over Europe, the US, and Canada were of high quality.

Firm-Level Analysis of Labour Issues



Under the auspice of BELSPO (Belgian Science Policy), IRES organized a one-day workshop on “Firm-Level Analysis of Labour Issues”. The event took place in Louvain-la-Neuve, Belgium, on May 28, 2014. The growing availability of good-quality firm-level longitudinal data - many of them providing information on the characteristics of both employees and their workplaces - has created opportunities for the analysis of key areas of labor market functioning and policy. Such data sets enable researchers to consider a large set of topical issues: the impact of labor characteristics (education, age, gender, part- vs. full-time assignment) on productivity and employability, the magnitude of gender wage discrimination, the importance and consequences of job turnover, the link between company-based training productivity and pay, the origins of regional unemployment asymmetries, the employment vs pay response to output shocks... The workshop included presentations by invited renowned speakers: Alexander Hijzen (OECD – IZA, Bonn, Germany) Ragnhild Balsvik (Norwegian School of Economics, Norway), Johannes VanBiesebroeck (KULeuven), Wolter Hassink (Utrecht University, Netherlands), Pekka Ilmakunnas (Aalto University, Finland). In total, 22 papers were presented and discussed. A selection of papers from the conference is now being considered for a special issue of the *International Journal of Manpower*.

New Visitors



Alessandra Casarico visited IRES between June 2 and 6. Alessandra got her PhD from the University of Oxford, Nuffield College. Since 2002 she has been Associate Professor of Public Economics at Bocconi University in Italy, where she started in 1999 as Assistant Professor. Between 2008 and 2014 she was the Director of Econpubblica (Center of Research on the Economics of the Public Sector, Bocconi University, Italy). She is CESifo Research Fellow, and Luca D'Agliano and Dondena Research Associate. Her fields of expertise are taxation and parental time use, gender economics and migration policies. She has written and contributed to numerous books. Her articles have been published in journals such as *The Economic Journal*, *Journal of Public Economics*, *Scandinavian Journal of Economics*, *Journal of Population Economics*, *Regional Science and Urban Economics*. During her stay at IRES, she met David de la Croix, Fabio Mariani, Julio Davila, Paula Gobbi, Sara Salomone and discussed with some PhD students issues related to (i) child care and the transmission of inequalities, (ii) the wealth gender gap, and (iii) public economics aspects of migration.

Alessandra's website is <http://mypage.unibocconi.eu/alessandracasarico/>

They have defended their PhD

Andrea Ariu

Andrea defended his PhD "Essays on Trade in Services" on April 23, 2014.

He was supervised by Frédéric Docquier (IRES, UCL) and Giordano Mion (University of Surrey, United-Kingdom). The other members of the jury were: Michel Beine (University of Luxembourg, Luxembourg), Holger Breinlich (University of Essex, United-Kingdom), Kalina Manova (Stanford University, United-States) and Florian Mayneris (IRES, UCL).

Andrea's website is <http://perso.uclouvain.be/andrea.ariu/Sito/Home.html>

Job Market Placement



In 2014-2015, **Andrea Ariu** will be a Robert Solow Postdoctoral Fellow at the McDonough School of Business at the Georgetown University, Washington DC, USA.



In September, **Hélène Latzer** (FNRS Research Fellow at IRES since September 2010) will move to the Saint-Louis University, Brussels, where she will serve as an assistant professor.

Visitors

From Belgium

- Toni Glaser (KULeuven – Bielefeld University, Germany)
- Paolo Melindi Ghidi (BIOGOV, UCL)
- François Rycx (ULB)

From Europe

- Alessandra Casarico (Bocconi University, Italy)
- Fabrice Collard (University of Bern, Switzerland)
- Meredith Crowley (University of Cambridge, United-Kingdom – Chicago Fed, United-States)
- Marco Delogu (University of Luxembourg, Luxembourg – IRES, UCL)
- Reto Foellmi (Saint Gallen University, Germany)
- Gianmarco Ottaviano (London School of Economics, United-Kingdom)

Outside Europe

- Tim Kehoe (Minnesota University, United-States)
- Nico Voigtlander (University of California, United-States)
- Romain Warczziarg (University of California, United-States)

IRES IN THE PUBLIC DEBATE

Regards économiques



1 new issue of the IRES free on-line review *Regards économiques* has been published since May 2014:

- Issue 112: "Le "contrôle des chômeurs". Des phrases choc à la réalité" by Muriel Dejemeppe (IRES, UCL) and Bruno Van der Linden (IRES, UCL).

All these issues and focus are downloadable in French on: <http://www.regards-economiques.be>.

Report for external institutions



Bruno Crépon, Esther Duflo, Elise Huillery, **William Parienté** and Juliette Seban (2014).

Can we teach entrepreneurship? Evidence from an evaluation of an entrepreneurship training program for the disadvantaged youth in France. Report prepared for the Fonds d'Expérimentation pour la Jeunesse (FEJ), Ministère des Sports, de la Jeunesse, de l'Éducation Populaire et de la Vie Associative, France.

There are several constraints that may affect the creation and development of entrepreneurial activities. People may lack the specific human capital needed to start a business, they may also be constrained in the credit market or be poorly informed about the kind of aid that exists to support entrepreneurship; they are also often overwhelmed by the necessary steps to create their business. These impediments are especially acute for the youth in disadvantaged neighborhoods in France, where youth unemployment is more prevalent.

Our report analyses the effect of the program CréaJeunes – created by Adie (Association pour le Droit à l'Initiative Economique) – which is directed at supporting business creation for young people between ages 18 and 30 from disadvantaged neighborhoods. The objective of CréaJeunes is to support young people in the preparation of their business creation through appropriate group training, individualized monitoring and support in research for funding. The program has been evaluated using a randomized control trial (RCT) methodology. Among 1,445 eligible youth in total, 970 young people were randomly assigned to receive the program (treatment) while 475 were randomly assigned not to receive it (control group). In terms of timing, the effect is evaluated at 16 and 28 months.

The results of the evaluation show that this type of training meets a real demand from the youth (take up of similar program in the control is low) but fails to address significantly the main constraints of business start-up. 28 months after the beginning of the program, the proportion of the youth having started a business is exactly the same – 28% – in treatment and control groups. The program had no effect on the income generated from the activity and no effect on the disposable income of young people. In terms of impact on the well-being, levels of consumption are also similar between treatment and control group at 16 and 28 months after the start of the experiment. The only sensible effect of the program is that beneficiaries were less likely to experience a very low level of psychological well-being (which can be described as depression).

This experiment allows to draw some lessons about entrepreneurship for young people from disadvantaged areas. Access to managerial knowledge and support is not the single constraint for business creation, nor to business success. Some other inputs may be at play such as entrepreneurial spirit, optimism, confidence, etc. which may be more difficult to modify with a specific intervention. Alternatively, targeted youth may only need this managerial knowledge but at much higher dose than what is offered by the program. These questions remain open and should be tested with further experimentations.

Some selected media appearances

- ***Refinancer l'enseignement supérieur c'est possible***

Paul Nihoul, **Vincent Vandenberghe** and Vincent Yzerbyt co-signed this article in *La Libre Belgique* (Belgian newspaper) on June 11, 2014, p. 54-55.

- ***Chômage: "Les conditions ne sont pas réunies pour une dégressivité efficace"***

Article published in *La Libre Belgique* (Belgian newspaper) on May 20, 2014, following an intervention of **Bruno Van der Linden** during a debate organized by the Belgian Institute of Public Finances.

- ***Sécu et fiscalité, les deux leitmotivs d'un gouvernement d'experts***

Muriel Dejemepe took part in the RTBF TV debate "Mise au point" on April 6, 2014 where she was appointed Employment Minister of a fictitious Belgian government.

Macroeconomics



Journal articles

- Boucekkine, Raouf; Fabbri, Giorgio Fabbri; Pintus, Patrick. *Growth and financial liberalization under capital collateral constraints: The striking case of the stochastic AK model with CARA preferences*. In *Economics Letters*, vol. 122, no. 2, p. 303-307 (2014).
- Girolami, Cristina; Fabbri, Giorgio; Russo, Francesco. *The covariation for Banach space valued processes and applications*. In: *Metrika*, vol. 77, no. 1, p. 51-104 (January 2014).
- Wiliquet, Claire; Cassiers, Isabelle. *Redéfinir la prospérité et ses indicateurs. Retour sur la conférence d'Isabelle Cassiers*. In: *Documents d'analyse et de réflexion*, p. 2-8 (Avril 2014).

IRES Discussion Papers

- 2014/08 Pecher, Pierre. *Ethnic conflict, power dynamics and growth*, 31 p., <http://sites.uclouvain.be/econ/DP/IRES/2014008.pdf>.
- 2014/11 Fabbri, Giorgio; Faggian, Silvia; Freni, Giuseppe. *On the Mitra-Wan Forest Management Problem in Continuous Time*, 45 p., <http://sites.uclouvain.be/econ/DP/IRES/2014008.pdf>.
- 2014/13 Danthine, Samuel; De Vroye, Michell. *Integrating search in macroeconomics: the defining years*, 28 p., <http://sites.uclouvain.be/econ/DP/IRES/2014013.pdf>.
- 2014/14 Fabbri, Giorgio. *Ecological Barriers and Convergence: a Note on Geometry in Spatial Growth Models*, 14 p., <http://sites.uclouvain.be/econ/DP/IRES/2014014.pdf>.

Labor Economics, Social Policies and Policy Evaluations



Journal articles

- Cockx, Bart; Ghirelli, Corinna; Van der Linden, Bruno. *Is it Socially Efficient to Impose Job Search Requirements on Unemployed Benefit Claimants with Hyperbolic Preferences?* In: *Journal of Public Economics*, vol. 113, p. 80-95 (2014).
- Jacquet, Laurence; Lehmann, Etienne; Van der Linden, Bruno. *Optimal income taxation with Kalai wage bargaining and endogenous participation*. In: *Social Choice and Welfare*, vol. 42, no. 2, p. 381-402 (2014).
- Launov, Andrey; Wälde, Klaus. *Folgen der Hartz-Reformen für die Beschäftigung*. In: *Wirtschaftsdienst*, vol. 94, no. 2, p. 112-117 (2014).

Book Chapter

- Nyssens, Marthe. *European Work Integration Social Enterprises: Between Social Innovation and Isomorphism*. In: Jacques Defourny, Lars Hulgård and Victor Pestoff, *Social Enterprise and the Third Sector: Changing European Landscapes in a Comparative Perspective*, Routledge: Londres, 2014, p. 211-229.

IRES Discussion Papers

- 2014/09 Smith, Catherine. *Did the Intergenerational Solidarity Pact increase the employment rate of the elderly in Belgium? A macro-econometric evaluation*, 44 p., <http://sites.uclouvain.be/econ/DP/IRES/2014009.pdf>.
- 2014/12 Crépon, Bruno; Devoto, Florencia; Duflo, Esther; Parienté, William. *Estimating the impact of microcredit on those who take it up: Evidence from a randomized experiment in Morocco*, 27 p., <http://sites.uclouvain.be/econ/DP/IRES/2014012.pdf>.

Interdisciplinary Topics



Journal articles

- De la Croix, David; Gobbi, Paula Eugenia. *L'expansion de l'éducation en Afrique annonce-t-elle sa transition démographique ?* In: *Dounia, revue d'intelligence stratégique et des relations internationales*, no.7, p. 33-50 (Janvier 2014).

IRES Discussion Papers

- 2014/10 Gérard, Marcel; Uebelmesser, Silke. *Financing higher Education when Students and Graduates are Internationally Mobile*, 19 p., <http://sites.uclouvain.be/econ/DP/IRES/2014010.pdf>

IMMAQ Trade and Economic Geography Seminar



The Trade and Economic Geography seminar aims at favoring the presentation of recent research in international trade, economic geography and urban economics, by both experienced and more junior researchers. It is regularly organized jointly with the IRES Research Seminar, and the Economic Theory and the Econometrics seminars at CORE.

Seminar's webpage: <http://www.uclouvain.be/en-44418.html>

- | | |
|-------|---|
| April | 3 Ottaviano, Gianmarco (London School of Economics, United-Kingdom)
"The Buyer Margins of Firms' Exports"
(Joint with the IRES Research Seminar) |
| May | 6 Jean-Charles Delvenne (Applied Mathematics – CORE Associate Fellow, UCL)
"Trade Integration and Trade Imbalances in the European Union: A Network Perspective" |

IRES Research Seminar



Seminar's webpage: <http://www.uclouvain.be/en-284532.html>

- | | |
|-------|---|
| April | 3 Fabrice Collard (University of Bern, Switzerland)
"Booms and Banking Crises"

3 Gianmarco Ottaviano (London School of Economics, United-Kingdom)
"The Buyer Margins of Firms' Exports"
(Joint with the IMMAQ Trade and Economic Geography Seminar) |
| May | 8 Romain Warczziarg (University of California, United-States)
"Culture, Ethnicity and Diversity"

15 François Rycx (ULB)
"Educational Mismatch and Firm Productivity: Do Skills, Technology and Uncertainty Matter?" |
| June | 3 Meredith Crowley (University of Cambridge, United-Kingdom – Chicago Fed, United-States)
"Market-specific Cost Shocks and Firm Export Behavior" |

Macroeconomics Lunch Seminar



The Macroeconomics Lunch Seminar is an informal forum where researchers present their work in progress in details and receive criticism and feedback from colleagues. Presentations on the blackboard are also welcome. PhD students entering the job market this year are strongly encouraged to present their job market paper.

Seminar's webpage: <http://www.uclouvain.be/en-284743.html>

Organizers: Hélène Latzer (helene.latzer@uclouvain.be)

Luca Pensieroso (luca.pensieroso@uclouvain.be)

- | | |
|-------|--|
| April | 1 Nico Voigtlander (University of California, United-States)
"Human Capital and Industrialization: Theory and Evidence from 18th Century Encyclopédie Subscriptions"

15 Reto Foellmi (Saint Gallen University, Germany)
"Arbitrage, Transportation Costs and International Trade Flows"

23 Tim Kehoe (Minnesota University, United-States)
"Global Imbalances and Structural Change in the United States" |
| May | 13 Paolo Melindi Ghidi (BIOGOV, UCL)
"Global Imbalances and Structural Change in the United States"

20 Florian Mayneris (IRES, UCL)
"The Cleansing Effect of Minimum Wage. Firm-level and Aggregate Effects of the 2004 Reform of Minimum Wage Rules in China"

26 Anastasia Litina (University of Luxembourg, Luxembourg)
"Religiosity and Growth Revisited: Estimating a Causal Effect" |

- June 10 Marco Delogu (University of Luxembourg, Luxembourg - IRES, UCL)
 "Infrastructure Initiatives in Developing Countries"
 17 Hélène Latzer (IRES, UCL)
 "Endogenous Growth and Variable Mark-ups"
 24 Toni Glaser (KULeuven - Bielefeld University, Germany)
 "Migration Experience, Aspirations and the Brain Drain"

NBB Seminar



- **Seminar on firm-level analysis**

Started during the academic year 2011-2012, the series of seminars on firm-level analysis is renewed for 2013-2014. The seminar is organized by the National Bank of Belgium, in collaboration with KULeuven, UCL (IRES), UGent, ULB and UMONS.

Seminar's webpage:
http://www.nbb.be/pub/06_00_00_00/06_03_01_00_00/06_03_01_01_00/07_02_01_09_00+SFA.htm?l=en

April 24 Tim Kehoe (University of Minnesota, United-States)
 "Using the New Products Margin to Predict the Industry-Level Impact of Trade Reform"

May 12 Pol Antras (Harvard University, United-States)
 "The Margins of Global Sourcing: Theory and Evidence from U.S. Firms"

- **Macroeconomics seminar**

This seminar on macroeconomic and monetary issue is organized by the National Bank of Belgium, in collaboration with KULeuven, UCL (IRES), and ULB.

Seminar's webpage:
http://www.nbb.be/pub/06_00_00_00/06_03_01_00_00/06_03_01_01_00/07_02_01_04_08+macroeconomic+seminar.htm?l=en

March 31 Athanasios Orphanides (Massachusetts Institute of Technology, United-States; Cambridge, United-Kingdom)
 "The Euro Area Crisis: Politics over Economics"

April 28 Jinill Kim (Korea University, Korea)
 "Estimating Monetary Policy Rules When Nominal Interest Rates Are Stuck at Zero"

May 14 Michel Juillard (Banque de France, France)
 "Assessing Long Run Risk in a DSGE Model under ZLB with the Stochastic Extended Path Approach"

June 18 Oscar Arce (Banco de Espana, Spain)
 "Structural Reforms in a Debt Overhang"
 20 Kalin Nikolov (European Central Bank)
 "Capital Regulation in a Macroeconomic Model with Three Layers of Default"

DON'T MISS

• **"8th Louvain Symposium in Economic Dynamics"**
Louvain-la-Neuve, September 18-19, 2014

Within the framework of the ARC project on "Sustainability", David de la Croix, Jean-François Fagnart and Fabio Mariani are organizing the "8th Louvain Symposium in Economic Dynamics", about several aspects of long-run development, such as demographic dynamics, inequality, family transformation, and environmental issues. The workshop will include 5 presentations by leading scholars, and a poster session reserved to PhD. students and post-docs, who can present their work and receive comments from more senior researchers.

The leading scholars having accepted to participate are Mariacristina De Nardi (University College London, United-Kingdom), Carl-Johan Dalgaard (University of Copenhagen, Denmark), Nezh Guner (Barcelona GSE, Spain), Mathias Thoenig (University of Lausanne, Switzerland), and Thierry Verdier (Paris School of Economics, France).

- **"4th Christmas Meeting of Belgian economists"**
Louvain-la-Neuve, December 22, 2014

The 4th edition of the Christmas Meeting of Belgian economists will be organized by Fabio Mariani and Michele Belot (University of Oxford, United-Kingdom) in Louvain-la-Neuve on December 22, 2014. The idea is to have a relaxed day of presentations and exchanges. The Meeting will include 8 presentations of 30 minutes and 2 keynote presentations.

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