

ASIAN AND AUSTRALASIAN SOCIETY OF LABOUR ECONOMICS 2019 CONFERENCE

AN EVENT NEWSLETTER BROUGHT TO YOU BY THE NUS
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Introduction

The Asian and Australasian Society of Labour Economics promotes research excellence and cooperation in Labour and Applied Economics across Asia and Australasia.

The 2019 conference was held on Dec 12 -14 and hosted by the National University of Singapore. With both invited speakers and parallel sessions, it brought together economists and researchers from all across the globe to discuss emerging trends in labour economics. The conference ended with a panel session on the competitive advantage of education, as well as an optional sightseeing trip on Singapore's River Cruise Tour.

Programme outline

- **Registration**
- **Opening Speech**
- **Keynote Speech by Hilary Hoynes**

- **Parallel session 1:**

- Technology and the transformation of the labour market (*Chair: Ivan P.L. Png*)
- Migration and Family Wellbeing (*Chair: William Seitz*)
- The Education Production Function (*Chair: Hongliang Zhang*)
- Education, Experience, and the Labour Market (*Chair: Tess Stafford*)
- Management, Incentives and Performance (*Chair: Philipp Grunau*)
- Early-Life Shocks and Long-Term Outcomes (*Chair: Chulhee Lee*)
- ADB Session: Gender Issues and Labour Markets in Developing Countries (*Chair: Joseph Zveglic*)
- Gender Policies (*Chair: Nishith Prakash*)
- Models of Marriage and Fertility (*Chair: Junjian Yi*)
- The Formation and Persistence of Social Norms (*Chair: Joakim Jansson*)
- Political Economy (*Chair: Warn Nuarpear Lekfuangfu*)
- Education and Job (Mis)Match (*Chair: Sholeh Maani*)

- **Invited Speakers I and II (Basit Zafar, Yves Zenou)**
- **Cocktail Reception**

- **Parallel session 2:**

- Migration and Networks (*Chair: Sebastian Otten*)
- School Policies (*Chair: Michael Coelli*)
- Early Childhood Programs (*Chair: Jeff Borland*)
- Automation and the Demand for Labour (*Chair: Uwe Blien*)
- Incentives and Productivity (*Chair: Guido Friebel*)
- Job Market Session I: Labour Market (*Chair: Xin Meng*)
- TVSEP - A Panel Survey for Economic Studies in Thailand and Vietnam (*Chair: Stephan Thomsen*)
- Gender Norms I (*Chair: Sharon Xuejing Zuo*)
- Economic Shocks, Family Formation, and the Gender Gap (*Chair: Louis-Phillippe Morin*)
- Driving Policy and Driver Behaviour (*Chair: Stephen Whelan*)
- Topics in Urban Economics (*Chair: Janjala Chirakijja*)
- Occupational and Employment Mobility (*Chair: Ian Schmutte*)

- **Parallel Session 3:**

- Immigrant Shocks and their Impacts (*Chair: Andrew Clarke*)
- Childcare (*Chair: Weili Ding*)
- Adolescent Environment and Behaviour (*Chair: Nina Guyon*)
- Determinants and Impacts of Hours Worked (*Chair: Kaori Sato*)
- Job Market Session II: Education and Inequality (*Chair: Daiji Kawaguchi*)
- Gender Norms II (*Chair: Pauline Grosjean*)
- Siblings, Human Capital, and Health (*Chair: Anna Sjögren*)
- Intergenerational Mobility and Wealth Measurement (*Chair: Hui Ren Tan*)
- Pensions (*Chair: Changcheng Song*)
- Improving Life in Rural Areas (*Chair: Debayan Pakrashi*)
- Effects of Disability and Disability Insurance (*Chair: Kostas Mavromaras*)

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- **Parallel session 4:**

- Returns to Higher Education (*Chair: Tuomas Pekkarinen*)
- Teachers and Ranking Effects at School (*Chair: A. Abigail Payne*)
- Industrial Organisation and the Labour Market (*Chair: Laszlo Goerke*)
- Minimum Wage (*Chair: Daiji Kawaguchi*)
- Early-Life Shocks and Long-Term Outcomes II (*Chair: Wang Sheng Lee*)
- Health and Labour (*Chair: Arezou Zaresani*)
- Environment, Policy and Productivity (*Chair: Haoming Liu*)
- Understanding the Gender Gap I (*Chair: Songfa Zhong*)
- Social Norms and Gender (*Chair: Patricia Cortes*)
- Job Training (*Chair: Makoto Masui*)
- Taxation and Social Policies I (*Chair: Linh T. Tô*)

- **Invited Speakers III and IV (Seema Jayachandran, Jérôme Adda)**

- **Conference Dinner and Bob Gregory Lecture - David Autor**

- **Job Market Breakfast (by invitation)**

- **Parallel session 5:**

- Integration of Immigrants (*Chair: Malte Sandner*)
- Parental Effects (*Chair: Jan Kabatek*)
- Unemployment Insurance (*Chair: Pauline Leung*)
- Labour Markets in Developing Countries (*Chair: Hazrul Shahiri*)
- Crime and Alcohol (*Chair: Steven Stillman*)
- Son Preference and its Consequences (*Chair: Weiguang Deng*)
- Measuring Discrimination (*Chair: Andrew Francis-Tan*)
- Fertility, Marriage and Female Labour Force Participation (*Chair: Yu-Hsuan Su*)
- Macroeconomics of the Labour Market (*Chair: Thomas Beissinger*)
- The Economics of Ageing (*Chair: Zhaopeng Qu*)
- Cognitive and Non-Cognitive Skills (*Chair: Ronni Pavan*)
- Mathematical and Quantitative Methods (*Chair: Steven Lehrer*)

- **Parallel Session 6:**

- Aspirations and Beliefs in Higher Education (*Chair: Adeline Delavande*)
- Job Search and Job Match (*Chair: Soohyung Lee*)
- Career Choices and Career Progression (*Chair: Alexander Plum*)
- Employment - Entry and Exit (*Chair: Giulio Zanella*)
- Labour Market Informality (*Chair: Luis E. Arango*)
- Natural Disasters - Impacts and Responses (*Chair: David Johnston*)
- Health Coverage and Health Outcomes (*Chair: Melanie Lurhmann*)
- Understanding the Gender Gap II (*Chair: Chanyoung Lee*)
- Taxation and Social Policies II (*Chair: Robert Breunig*)
- Socialisation and Group Formation (*Chair: Jun Sung Kim*)
- Trade (*Chair: Bingjing Li*)
- Migration and Immigration (*Chair: Hari Sharma*)

- **Lunch Panel Session: "Education, Learning Institutions, Growth and Competitiveness" (*Chair: Christian Dustmann*)**

- **Closing Speech and AASLE General Meeting**

- **Singapore Riverboat Cruise (optional)**



KEYNOTE SPEECH

Safety Net Investments in Children: Long- Run Effects of SNAP

BY HILARY HOYNES

Professor of Economics and Public Policy
Haas Distinguished Chair of Economic
Disparities
University of California, Berkeley

Stagnating wages for low-skill workers in the US have resulted in growing inequality and put upward pressure on U.S. child poverty over the past decades. A growing body of research has found that additional resources provided to alleviate child poverty, particularly for those in early childhood, has long-run health and economic benefits in adulthood.

Using the 1961-1975 rollout of a central social safety net program, food stamps, Hoynes presents the long-run effects of a policy-driven increase in economic resources during childhood on health, human capital, labour market outcomes, neighbourhood and mortality.



"...the benefits of safety net are broader than previously thought. Positive external benefits to taxpayers."

The effects of the Food Stamp program were studied because they had one of the largest impacts in reducing child poverty and were rolled out at different periods in different counties, which provided differing ages of exposure to the program in same-cohort populations that could then be used to study whether the age at which they were first exposed to the program affected the benefits reaped.

Short-term effects of the program include increased spending on food, reduction of food insecurity, improvements in birth outcomes and child health, and increases in after tax and transfer income.

To study long-term health effects of exposure to the program, a panel study of income dynamics was done with longitudinal data links across multiple generations. It was found that the earlier food stamps were available, the less likely the children were to exhibit adult metabolic syndrome, with the lowest-risk candidates found in counties which had the food stamp programs in place before they were born.

Combined with data from the Social Security Administration's Continuous Work History Sample, it was found that receiving food stamps for the full period of conception to age five leads to a 15% increase in adult earnings for women, although there were no effects on employment.

To examine the long-run effects of the program on adult wellbeing, the data of more than 17 million US citizens born between the years 1950 and 1980 observed at ages 25 to 34 were studied. A comprehensive set of outcomes was observed, consisting of economic wellbeing, neighbourhood quality, disability, mortality and incarceration.

The earlier food stamps were introduced in childhood, the greater the improvement in human capital (completion of education, professional degrees and occupations) and neighbourhood quality (home ownership and value, single family residence, county upward mobility and census tract characteristics, including teen pregnancies, share homeowners, etc). There was a marked decrease in mortality accompanying the early adoption of food stamps and a smaller but positive effect on economic self-sufficiency.

Gender and race differences in these effects were observed, with mortality improvements being exhibited most markedly in nonwhite races, dramatic improvements in incarceration among nonwhite males, and human capital improvements being most pronounced among white males. Neighbourhood effects were exhibited uniformly across all demographics.

These findings have significant implications for policy making in the US with regard to increasing the social security net, particularly for very young children.

INVITED SPEAKER I

Ask and You Shall Receive? Gender Differences in Regrades in College

BY BASIT ZAFAR

Professor

W. P. Carey School of Business
Arizona State University

Prior research has found that women are less likely to negotiate, which has the possibility of contributing to the gender gap in labour outcomes. Zafar and Li's study takes this a step further by examining whether prior to entering the labour market, male and female students experience different rates of grade changes, as well as the possible contributing factors.

Transcripts from a large four-year university were analysed; males were found to be 18.6% more likely to have a favourable grade change which was not explainable through class and student characteristics. Surveys of instructors and students were conducted, as well as an incentivised-controlled laboratory study. The former revealed no evidence for the preferential treatment of males, but that males were in general more likely to ask for regrades.



From the laboratory study, the researchers found that in general, males are more willing than females to pay a positive cost to ask for regrades regardless of whether it makes economic sense. Consequently, men are more likely to experience both positive and negative payoffs.

Women being more stressed when asking (less confident, more uncertain of the rules and variations in the Big 5 personality traits) account for 45% of the gender differences in asking, while risk preferences and overconfidence in both genders account for about 1%. The remaining difference may be explained by preference-based differences.

This has strong implications for the gender gap in labour outcomes. As grades tend to signal a potential candidate's ability to employers, the study has shown that the issue starts even before students enter the labour market. Consequently, policies that aim to address this gap should be aimed at encouraging requests for positive grade changes in students by reducing uncertainty and underconfidence through making regrade policies explicit and transparent.

INVITED SPEAKER II

Spillover Effects in Cities

BY YVES ZENOU

Professor of Economics,
Richard Snape Chair, Department of Economics
Monash University

In 2010 – 2013, a large-scale early childhood intervention was rolled out in the south of Chicago which aimed at improving the cognitive and non cognitive skills of disadvantaged children and included education programmes for parents and children. Over 2,000 children of ages 3-4 were randomized.

Zenou's study estimates both the direct and spillover effects of this intervention on the educational attainment of these children. Would investing into children directly work better, or would indirect investment, where parents are educated and pass that on to their children, be better? Moreover, do these children then affect neighbouring children who are not exposed to the programme? He also demonstrates that these localised spillover effects are significant, leading to a massive underestimation of the programme's effect when excluded from the estimate.



Two possible mechanisms of the spillover effect exist: direct interactions between children which lead to the development of non-cognitive skills, and increased parental investments, which lead to the development of cognitive skills. Non-cognitive skills are defined to include working memory, inhibitory control and attention shifting; self-regulation in emotional, attentional, and behavioral domains, while the latter is defined as having general intellectual ability and specific cognitive abilities such as reading, writing, and math; receptive vocabulary and verbal ability.

Instead of relying on residential movers, the study exploits experimental variations in spatial exposure to treated families (within and between individuals) caused by the delivery of programmes over multiple years. The commuting distances between home locations of every pair of children are calculated, and the pair is defined to be neighbours if this distance is smaller than the neighbourhood radius. Spatial exposure is then defined as the number of neighbours exposed to the programme on each observation.

It was found that on average, each additional neighbour which has gone through the programme that resides within a three-kilometre radius of a child's home increases that child's cognitive score by 0.0033-0.0042 standard deviations (σ), and increases her non-cognitive score by 0.0069 σ .

Given that an average child in the study's sample has 178 treated neighbors residing within a three kilometre radius of her home, extrapolating that linearly, it is inferred that, on average, a child gains between 0.6 σ to 0.7 σ in cognitive test scores and about 1.2 σ in non-cognitive test scores in spillover effects from her treated neighbours.

With regard to differences in spillover effects, it was found that non-cognitive spillovers are larger in African Americans (although there were no significant racial difference in cognitive spillovers), and boys tend to benefit more than girls (but not significantly so). These are correlated with the findings that African Americans exhibit a higher level of social interactions at neighbourhood level, and for boys compared to girls. This is consistent with the finding that peer influence plays a stronger role for older children.

These results demonstrate the importance of accounting for spillover effects in policy evaluations so that the true benefits and beneficiaries can be quantified and identified. In addition, they imply that it is important to promote social interaction – because of the non-market intellectual spillovers that they generate, they may potentially enhance economic growth.

INVITED SPEAKER III

Social Norms as a Barrier to Female Employment in Developing Countries

BY SEEMA JAYACHANDRAN
Professor of Economics
Northwestern University

Social norms greatly affect women's participation and success in the labour market in developing countries. Although development should increase female employment, it can also decrease female employment due to it being harder to balance work within and outside the household, and richer families being able to afford to not have their women working. These are, in turn, tied to specific social norms within the country, beyond the stigma of having women work. Norms that inhibit female employment tend to be stronger in less developed countries, but this is compounded by the fact that countries at the same level of development exhibit large variations in these norms.



Cultural norms that affect female employment are: the acceptability of harassment of women in public spaces, existence of restrictions on women's social interactions and mobility, level of control over household finances, tolerance of intimate partner violence, and the distribution of responsibility for household chores and childcare. In general, less developed countries tend to show a stronger norm in prioritising men in hiring practices, and greater restriction of women's personal freedom.

To improve women's employment outcomes in light of restrictive norms, two types of policies may be implemented: policies that are designed around the norm, and policies that aim to shift the norms. Jayachandran discusses one example of each type of policy in India.

A study was done on a policy that aimed to work around restrictions on mobility in female entrepreneurs. Self-employed women in Ahmedabad, India were assigned to one of three groups: one where they were offered a business course, another where they were offered the course and allowed to invite a peer to attend it with them, and a control group. It was found that women who trained with a friend were the most likely to take out a loan to start a business.

Another study was done to evaluate a policy that aimed to reshape Indian adolescents' gender attitudes through discussing human rights and economic arguments for gender equality in school curriculums, as a counterbalance to the views that students are exposed to at home and in the community. These discussions were facilitated by Breakthrough, a gender rights non-governmental organisation, in a series of 27 classroom lessons that were held every three weeks over a 2.5-year span. There were 150 treated schools and 164 control schools. Students were surveyed when they were in grades 7 and 8 when the programme first launched, and were surveyed again at the end of the study when they were in grades 9 and 10.

Students were surveyed on their attitudes towards gender equality in education, employment, gender roles and fertility, on girls' aspirations and expectations towards females in academic performance, educational goals and occupation, and gender behaviour, which includes communications and interaction with the other gender, household chores, communication with parents about aspirations, decision making and school attendance, and girls' mobility. The improvement in gender behaviour was the greatest at 0.32 standard deviations, followed by attitudes towards gender equality at 0.25 standard deviations. The persuasion rate was about 14%, with a larger behavioural change for boys.

To control for possible 'social desirability bias', which is the tendency to give socially acceptable answers to look good to the surveyors, the tendency to give socially desirable answers was measured in the subjects. It was found that the effect size of the intervention was the same regardless of whether subjects scored high or low for tendency to give socially desirable answers.

More can be done along these lines to promote female employment, particularly given that it is an underutilisation of talent and that when women have more influence at home through earning money, children's outcomes have been found to improve.

INVITED SPEAKER IV


There's more to Marriage than Love: The Effect of Legal Status and Cultural Distance on Intermarriages and Separation

BY JEROME ADDA
Professor, Department of Economics
University of Bocconi

Due in part to larger inflow of migrants into developed countries as well as changing norms and economic circumstances, rates of interracial marriage have risen in the past decades. As it has been seen as an increased integration of minorities, it is important to understand the many drivers of this phenomenon, which include the role of cultural distance in marriage decisions, the economic factors influencing ethnic marriages, and legal factors such as the role of labour market access.

The successive enlargements of the European Union, that granted legal access to work to specific groups of foreign immigrants without the need to marry a native, was key in the study, which used 1998-2012 Italian administrative data on marriages and separations to develop a multidimensional equilibrium model of marriage and separation.

Marriage rates are scaled by the number of singles with similar characteristics (the gain). The causal effect of legal status acquisition on gains to intermarriage for any couple is numerically estimated, and the sample is restricted only to intermarriages with a native spouse. In fact, even when cohabitations are included, there is still a marked decline in intermarriages.




To take into account the equilibrium feature of the marriage market, a matching model was developed which included heterogeneous men and women with explicit trade-offs that are able to rationalise the marriage and separation patterns generated by the EU enlargement. The same data was used to identify deeper parameters pertaining to marriage surplus: ethnic/cultural affinity, age, education and wealth differences, and access to legal work. This allows the evaluation of marital welfare effects of the EU enlargements and counterfactual events such as migrant amnesties or a surge in migration on marriages.

In the model, individual welfare, when married, is computed as a weighted share of marital surplus, which in turn consists of a direct effect, through a change in legal status penalty, and general equilibrium effects as couples reshuffle and transition in and out of marriage. It was found that there was an equilibrium reallocation of welfare, with decline in welfare for natives and a corresponding increase for foreigners. This change in welfare was more marked in men. Foreign men gain because more of them get married; foreign women gain because they get more equal marriages; native men lose because they get single or more equal marriages; finally, native women lose because they get more equal marriages.

The model was then used to investigate the consequences of an amnesty granting legal access to all foreigners. It was found that this led to better assimilation in the labour market, but a lower assimilation in marriage markets as the number of homogenous foreign marriages would increase.

The model was also used to investigate the effects of a surge in migrants, which revealed that there would be a sex imbalance with many unmarried men. African women are also found to be more likely to marry native men.

All in all, it was concluded that access to legal status reduces the possibility of immigrants intermarrying with natives by 60%, and increases the hazard rate of separation for mixed couples formed before legal status acquisition by 20%.





CONFERENCE DINNER AND BOB GREGORY LECTURE

New Frontiers: The Evolving Content and Geography of New Work in the 20th Century

BY DAVID AUTOR
Ford Professor
Massachusetts Institute of Technology;
National Bureau of Economic Research

Recent theory stresses the importance of new job types ('new work') that emerge as automation subsumes existing labour tasks. However, comprehensive and representative empirical evidence on this phenomenon is lacking.

One key phenomenon observed in the period 1980-2016 is the polarisation of work, with rising employment in both high- and low-skill jobs, and falling employment in mid-skill work. This polarisation is correlated with educational level – college graduates tend to occupationally relate upwards, while non-college workers occupational mobility is almost exclusively downwards.

Existing models study the change in labour demand due to technological change as the outcome of an education race, or as a substitution of traditional tasks by automation. However, these fail to take into account the changing nature and number of tasks in the workplace, arising as a result of agglomeration economies.

This study constructs a century-long inventory of new job titles linked to United States Census microdata, exploring how the locus of new work has changed over time: by occupational group, education, wage and urban/rural residency. In the years 1930-1980, mid-skill office and production work grew. However, this would change from 1980 onwards, where professional, technical, health and personal service jobs would continue to increase.

With this shift in available jobs, the distribution of non-college educated workers would shift to favour low-skilled work and low-paid service jobs. In both eras, new work emerges disproportionately in activities where old work is also growing. Trends in urban/rural shares of new work would shift as well, with college-educated workers favouring urban areas and non-college-educated favouring less urban areas.

Autor offers a few hypotheses for these observations, with the first being increased process innovation, which drives specialisation. Moreover, product innovation drives new industries and their associated occupations, such as computer technical jobs. Lastly, demand growth from any industry drives specialisation. That is to say, new work emerges not only from specialisation from brand new technologies and industries, but also from other sources of demand growth, such as increased market size. These hypotheses should be studied and tested further in order to understand the sources of new work creation.





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