

Bachelorarbeiten CMR SoSe 24 – Themenauswahl

Bitte beachten Sie, dass Bachelorarbeiten zu den Themen 3-18 auf Englisch verfasst werden müssen.

Thema 1 (Scheidler): Free Choice Macroeconomics Topic

Description:

This is your chance to think of a research question in (macro-) economics that really interests you and that you would like to answer empirically or with the existing literature. A (non-exhaustive) list of possible topics includes questions in Financial stability, Monetary policy, Fiscal policy, or Education and Intergenerational Mobility. While it is not necessary for you to apply econometric or machine learning methods on your own, it is highly appreciated. Your idea could also be based on a paper that you find interesting, where you think you might be able to add to an aspect of the analysis and that has data available.

Please have an idea of the question you want to answer. In case you want to answer the question empirically, you should also have thought about the necessary data/variables you need to answer your question and have looked at whether this data might be available (via databases the university subscribes to, the authors of the original paper, other (semi) public databases with possible access, the Replication Wiki etc.). You should also have some experience with econometrics and/or have taken courses in econometrics/machine learning.

Please feel free to contact me if you are not sure whether your topic is a fit or you have other questions regarding the topic.

Thema 2 (Scheidler): (Unconventional) Monetary Policy, Transmission Channels and Heterogeneity

Description:

How do central banks actually influence the real economy, why is it sometimes necessary to invent new policy instruments and who really profits from contractionary monetary policy? These and many more questions are being answered in the literature regarding the transmission of monetary policy.

Your task is therefore to think of a research question in the literature about monetary policy transmission, unconventional monetary policy and/or heterogeneity that is of interest to you. Your task will be to review the literature that is important to answer your specific research question, relate the results to your answer and point out possible open questions in the literature. You can also write your thesis as an empirical research proposal with an extended literature review by sketching an empirical research idea, give a motivation for why it is important to answer this question, how you want to answer it as well as your possible findings and contribution to the literature.

Own empirical work is highly appreciated but no requirement.

Example Literature:

Transmission Channels

Mishkin, F. S. (1995). Symposium on the Monetary Transmission Mechanism. *Journal of Economic Perspectives*, 9(4), 3–10. <https://doi.org/10.1257/jep.9.4.3>

Choi, S., Willems, T., & Yoo, S. Y. (2024). Revisiting the monetary transmission mechanism through an industry-level differential approach. *Journal of Monetary Economics*, 103556. <https://doi.org/10.1016/j.jmoneco.2024.103556>

Unconventional Monetary Policy

Bernanke, B. S. (2020). The New Tools of Monetary Policy. *American Economic Review*, 110(4), 943–983. <https://doi.org/10.1257/aer.110.4.943>

Luck, S., & Zimmermann, T. (2020). Employment effects of unconventional monetary policy: Evidence from QE. *Journal of Financial Economics*, 135(3), 678–703. <https://doi.org/10.1016/j.jfineco.2019.07.004>

Heterogeneity

Beraja, M., Fuster, A., Hurst, E., & Vavra, J. (2019). Regional Heterogeneity and the Refinancing Channel of Monetary Policy*. *The Quarterly Journal of Economics*, 134(1), 109–183. <https://doi.org/10.1093/qje/qjy021>

Holm, M. B., Paul, P., & Tischbirek, A. (2021). The Transmission of Monetary Policy under the Microscope. *Journal of Political Economy*, 129(10), 2861–2904. <https://doi.org/10.1086/715416>

Thema 3 (Muraro): Obstacles to Domestic Migration in Developing Countries

Migration from developing countries is a huge phenomenon. We can distinguish between international migration (to foreign countries) and domestic migration (internal). Domestic migration can take various forms: from rural to other rural areas, from rural to urban areas or, more rarely, from urban to rural areas. Rural-urban migration is an important component to foster growth in developing countries. The World Development Report 2009 emphasised the role of urbanisation for economic development. One of the reason is that the productivity of workers in non-agricultural urban jobs is way higher compared to the productivity of workers in agricultural rural jobs (agricultural productivity gap). As an example, countries like India, Bangladesh and Mexico have shares of their labor force in agriculture in excess of normal patterns. Many researchers have tried to investigate what are the obstacles to migration from rural to urban areas. For example, people might lack information on the benefits deriving from migrating, they might lack resources to migrate (liquidity constraints), they might lack the infrastructure, or the risk of migration failure might be too high.

In the main paper of this thesis, Bryan, Chowdhury and Mobarak (2014) find that by randomly assigning an economic incentive to households in rural Bangladesh to migrate during the seasonal famine, 22% of households send a seasonal migrant and the consumption of treated households at the origin increases.

The purpose of this thesis is to discuss the econometric approach and especially the identification strategy of the paper. Students should show that they understand and critically

discuss the econometric method used in the paper and argue whether the assumptions of the method hold. Additionally, students should be able to relate the paper to the existing literature and discuss the concept of agricultural productivity gap, the decision-making model that individuals and households face when deciding whether to migrate or not (the Harris-Todaro model) and present other obstacles to rural-urban migration identified by the literature.

Requirements:

Knowledge of Statistics and Econometrics, especially RCTs, OLS and Instrumental Variable estimation (Students will be provided with materials and support to familiarize with the methodology).

Main literature:

Bryan, G., Chowdhury, S., & Mobarak, A. M. (2014). Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh (IGC Working Paper).

Bibliography

Alain de Janvry, & Sadoulet, E. (2015). Chapter 12: Labor and Migration. In *Development Economics*. Routledge.

Ardington, C., Case, A., & Hosegood, V. (2009). Labor Supply Responses to Large Social Transfers: Longitudinal Evidence from South Africa. *American Economic Journal: Applied Economics*, 1(1), 22–48. <https://doi.org/10.1257/app.1.1.22>

Asher, S., & Novosad, P. (2020). Rural Roads and Local Economic Development. *American Economic Review*, 110(3), 797–823. <https://doi.org/10.1257/aer.20180268>

Gollin, D., Lagakos, D., & Waugh, M. E. (2013). The Agricultural Productivity Gap. *The Quarterly Journal of Economics*, 129(2), 939–993. <https://doi.org/10.1093/qje/qjt056>

Harvey, D. (2009). Reshaping Economic Geography: The World Development Report 2009. *Development and Change*, 40(6), 1269–1277. <https://doi.org/10.1111/j.1467-7660.2009.01602>.

Thema 4 (Muraro): Selection of Migrants in Developing Countries

Migration from developing countries is a huge phenomenon. Migration is an important component to foster growth in developing countries. We can distinguish between international migration (to foreign countries) and domestic migration (internal). Domestic migration can take various forms, the most common being from rural to urban areas. The role of skills in migration can be different when comparing international migration and domestic migration from rural to urban areas. On the one hand, when considering international migration, return of education obtained in a developing country is higher within the developing countries than in the developed country where the migrant is moving. As a consequence, we expect negative selection of skills: lower skills workers should migrate more relative to high skills from a developing to a developed country. On the other hand, when considering domestic rural-urban migration, studies have shown that the return to education is generally higher in the urban than in the rural environment. As a consequence, it is rural residents with higher skills that are more likely to migrate: the poorest, who should have the greatest incentives to migrate, migrate less than less poor individuals.

In the main paper of this thesis, Kleemans and Magruder (2018) study the labour market impact of internal migration in Indonesia by instrumenting migrant flows with rainfall shocks at the origin area. Estimates reveal that a one percentage point increase in the share of migrants decreases income by 0.97% and reduces employment by 0.24 percentage points. They find that migrants are systematically highly skilled but negative consequences are most pronounced for low-skilled natives.

The purpose of this thesis is to discuss the econometric approach and especially the identification strategy of the paper. Students should show that they understand and critically discuss the econometric method used in the paper and argue whether the assumptions of the method hold. Additionally, students should be able to relate the paper to the existing literature and compare the selection of domestic and international migrants, namely the educational level and skills of migrants who migrate internationally against the skills of migrants who migrate domestically.

Requirements: Knowledge of Statistics and Econometrics, especially OLS, Fixed Effects and Instrumental Variable estimation (Students will be provided with materials and support to familiarize with the methodology).

Main literature:

Kleemans, M., & Magruder, J. (2017). Labour Market Responses to Immigration: Evidence from Internal Migration Driven by Weather Shocks. *The Economic Journal*, 128(613), 2032–2065. <https://doi.org/10.1111/eoj.12510>

Bibliography:

Akee, R. (2010). Who Leaves? Deciphering Immigrant Self-Selection from a Developing Country. *Economic Development and Cultural Change*, 58(2), 323–344. <https://doi.org/10.1086/647978>

Alain de Janvry, & Sadoulet, E. (2015). Chapter 12: Labor and Migration. In *Development Economics*. Routledge.

Ardington, C., Case, A., & Hosegood, V. (2009). Labor Supply Responses to Large Social Transfers: Longitudinal Evidence from South Africa. *American Economic Journal: Applied Economics*, 1(1), 22–48. <https://doi.org/10.1257/app.1.1.22>

Bryan, G., Chowdhury, S., & Mobarak, A. M. (2014). Underinvestment in a Profitable Technology: The Case of Seasonal Migration in Bangladesh (IGC Working Paper).

Chiquiar, D., & Hanson, Gordon H. (2005). International Migration, Self-Selection, and the Distribution of Wages: Evidence from Mexico and the United States. *Journal of Political Economy*, 113(2), 239–281. <https://doi.org/10.1086/427464>

Grogger, J., & Hanson, G. H. (2011). Income maximization and the selection and sorting of international migrants. *Journal of Development Economics*, 95(1), 42–57. <https://doi.org/10.1016/j.jdeveco.2010.06.003>

McKenzie, D., & Rapoport, H. (2010). Self-Selection Patterns in Mexico-U.S. Migration: The Role of Migration Networks. *Review of Economics and Statistics*, 92(4), 811–821. https://doi.org/10.1162/rest_a_00032

Young, A. (2013). Inequality, the Urban-Rural Gap, and Migration. *The Quarterly Journal of Economics*, 128(4), 1727–1785. <https://doi.org/10.1093/qje/qjt025>

Thema 5 (Muraro): What are the benefits and drawbacks of migration for the emitting community and developing country?

Migration from developing countries is a huge phenomenon. Migration is an important component to foster growth in developing countries. Migration has both positive and negative effects on the emitting community and country. For example, migration increases returns to rural education and creates a strong incentive for rural children to seek education. At the same time migration can lead to brain drain: highly educated people may prefer to migrate where better paid job opportunities exist. Remittances can also have opposing effects: on the one hand, remittances deposited by migrants to local financial institutions can be used to make loans to local entrepreneurs and create employment opportunities; on the other hand, a study analyzing randomly selected immigrants from Tonga to New Zealand finds that the impact of migration of a family member on the income and consumption of household members left behind is negative and does not compensate for the benefits deriving from remittances.

In the main paper of this thesis, Mishra (2007) examines the effect of Mexican emigration to the United States on wages in Mexico using data from the Mexican and US censuses from 1970 to 2000. He finds that emigration has a strong and positive effect on Mexican wages. However, there is also evidence for increasing wage inequality in Mexico due to emigration.

The purpose of this thesis is to discuss the econometric approach and especially the identification strategy of the paper. Students should show that they understand and critically discuss the econometric method used in the paper and argue whether the assumptions of the method hold. Additionally, students should be able to relate the paper to the existing literature and discuss benefits and drawbacks of migration on the emitting community.

Requirements:

Knowledge of Statistics and Econometrics, especially OLS, Fixed Effects and Instrumental Variable estimation (Students will be provided with materials and support to familiarize with the methodology).

Main literature:

Mishra, P. (2007). Emigration and wages in source countries: Evidence from Mexico. *Journal of Development Economics*, 82(1), 180–199. <https://doi.org/10.1016/j.jdeveco.2005.09.002>

Bibliography:

Alain de Janvry, & Sadoulet, E. (2015). Chapter 12: Labor and Migration. In *Development Economics*. Routledge.

Chacko, E. (2007). From brain drain to brain gain: reverse migration to Bangalore and Hyderabad, India's globalizing high tech cities. *GeoJournal*, 68(2-3), 131–140. <https://doi.org/10.1007/s10708-007-9078-8>

Covadonga Meseguer Yebra, & Aparicio-Castillo, F. J. (2008). Collective Remittances and the State: The 3x1 Program in Mexican Municipalities.

de Janvry, A., Finan, F., & Sadoulet, E. (2005). Using a Structural Model of Educational Choice to Improve Program Efficiency. Working Paper, Department of Agricultural and Resource Economics, University of California at Berkeley.

Gibson, J., McKenzie, D., & Stillman, S. (2011). The Impacts of International Migration on Remaining Household Members: Omnibus Results from a Migration Lottery Program. *Review of Economics and Statistics*, 93(4), 1297–1318. https://doi.org/10.1162/rest_a_00129

Jack, W., & Suri, T. (2014). Risk Sharing and Transactions Costs: Evidence from Kenya's Mobile Money Revolution. *American Economic Review*, 104(1), 183–223. <https://doi.org/10.1257/aer.104.1.183>

Yang, D. (2008). International Migration, Remittances and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks. *The Economic Journal*, 118(528), 591–630. <http://www.jstor.org/stable/20108814>

Thema 6 (Muraro): Remittances to the sending community in developing countries

Migration from developing countries is a huge phenomenon. Migration is an important component to foster growth in developing countries. The new migration economics focuses on the household decision to send a migrant rather than on the individual decision to migrate. The idea is that individuals are members of households and the decision to migrate may be motivated by the household's objective of receiving remittances. The gains to the household are the remittances sent by the migrant that will help relax the liquidity and risk constraints and the cost to the household of sending a migrant is the loss of labor at home. Remittances have the unique feature of going directly to poor communities where the migrants came from thus making a major contribution to poverty reduction. But they can also be an important source of autonomous income if channelled towards productive investments and social projects. However, evidence on the effects of migration on the local community is contradictory: a study analyzing randomly selected immigrants from Tonga to New Zealand finds that the impact of migration of a family member on the income and consumption of household members left behind is negative and does not compensate for the benefits deriving from remittances.

In the main paper of this thesis, Jack and Suri (2014) find that by reducing transaction costs on money transfers in Kenya, households consumption is unaffected by negative shocks. The mechanism underlying this consumption effect is increased remittances from migrants to the households.

The purpose of this thesis is to discuss the econometric approach and especially the identification strategy of the paper. Students should show that they understand and critically discuss the econometric method used in the paper and argue whether the assumptions of the

method hold. Additionally, students should be able to relate the paper to the existing literature by discussing the reasons that motivate people to remit and comparing results of the effects of remittances on household and community wealth from other papers.

Requirements:

Knowledge of Statistics and Econometrics, especially OLS, Fixed Effects, Difference-in-difference and Instrumental Variable estimation (Students will be provided with materials and support to familiarize with the methodology).

Main literature:

Jack, W., & Suri, T. (2014). Risk Sharing and Transactions Costs: Evidence from Kenya's Mobile Money Revolution. *American Economic Review*, 104(1), 183–223. <https://doi.org/10.1257/aer.104.1.183>

Bibliography:

Alain de Janvry, & Sadoulet, E. (2015). Chapter 12: Labor and Migration. In *Development Economics*. Routledge.

Covadonga Meseguer Yebra, & Aparicio-Castillo, F. J. (2008). Collective Remittances and the State: The 3x1 Program in Mexican Municipalities.

de la Brière, B., Sadoulet, E., de Janvry, A., & Lambert, S. (2002). The roles of destination, gender, and household composition in explaining remittances: an analysis for the Dominican Sierra. *Journal of Development Economics*, 68(2), 309–328. [https://doi.org/10.1016/s0304-3878\(02\)00015-9](https://doi.org/10.1016/s0304-3878(02)00015-9)

Gibson, J., McKenzie, D., & Stillman, S. (2011). The Impacts of International Migration on Remaining Household Members: Omnibus Results from a Migration Lottery Program. *Review of Economics and Statistics*, 93(4), 1297–1318. https://doi.org/10.1162/rest_a_00129

Yang, D. (2008). International Migration, Remittances and Household Investment: Evidence from Philippine Migrants' Exchange Rate Shocks. *The Economic Journal*, 118(528), 591–630. <https://doi.org/10.1111/j.1468-0297.2008.02134.x>

Thema 7 (Muraro): Migration from rural to urban areas in Tanzania

Tanzania is one of the poorest countries in the world. According to the World Development Bank, in 2022, 63% of Tanzania population lived in rural areas (for comparison, in the US it was 17%). Rural-urban migration is an important component to foster growth through structural transformation in developing countries. The movement of rural people out of agriculture to find alternative jobs in urban centres is one of the major challenges surrounding development process. The reason is that the productivity of workers in non-agricultural urban jobs is way higher compared to the productivity of workers in agricultural rural jobs (according to ISA

survey income per capita in Tanzania is twice as high for people living in urban compared to rural areas).

In the main paper of this thesis, Beegle, De Weerdts & Dercon (2011) find that in Tanzania migration between 1991 and 2004 added 36 percentage points to consumption growth. Although moving out of agriculture resulted in much higher growth than staying in agriculture, growth was always greater in any sector if the individual physically moved. As to why more people do not move given the high returns to geographical mobility, they found evidence for exit barriers set by home communities prevent the migration.

The purpose of this thesis is to discuss the econometric approach and especially the identification strategy of the paper. Students should show that they understand and critically discuss the econometric method used in the paper and argue whether the assumptions of the method hold. Additionally, students should be able to relate the paper to the existing literature for Tanzania by discussing: the obstacles preventing migration from rural to urban areas and what are the factors incentivising people to migrate; who migrates, in terms of demographics characteristic with a special focus on educational level; and finally, what are the effects of migration, by looking both at benefits for the sending household and community and at drawbacks of rural-urban migration, for example high rate of unemployment in urban areas.

Requirements:

Knowledge of Statistics and Econometrics, especially OLS, Fixed Effects and Instrumental Variable estimation (Students will be provided with materials and support to familiarize with the methodology).

Main literature:

Beegle, K., De Weerdts, J., & Dercon, S. (2011). Migration and Economic Mobility in Tanzania: Evidence from a Tracking Survey. *Review of Economics and Statistics*, 93(3), 1010–1033. https://doi.org/10.1162/rest_a_00105

Bibliography:

Christiaensen, L., De Weerdts, J., & Todo, Y. (2013). Urbanization and poverty reduction: the role of rural diversification and secondary towns. *Agricultural Economics*, 44(4-5), 435–447. <https://doi.org/10.1111/agec.12028>

Duda, I., Fasse, A., & Grote, U. (2018). Drivers of rural-urban migration and impact on food security in rural Tanzania. *Food Security*, 10(4), 785–798. <https://doi.org/10.1007/s12571-018-0788-1>

Gibson, J., McKenzie, D., & Stillman, S. (2011). The Impacts of International Migration on Remaining Household Members: Omnibus Results from a Migration Lottery Program. *Review of Economics and Statistics*, 93(4), 1297–1318. https://doi.org/10.1162/rest_a_00129

Gollin, D., Lagakos, D., & Waugh, M. E. (2013). The Agricultural Productivity Gap. *The Quarterly Journal of Economics*, 129(2), 939–993. <https://doi.org/10.1093/qje/qjt056>

Hirvonen, K. (2016). Temperature Changes, Household Consumption, and Internal Migration: Evidence from Tanzania. *American Journal of Agricultural Economics*, 98(4), 1230–1249. <https://doi.org/10.1093/ajae/aaw042>

Jehovaness Aikaeli, Mtui, J., & Tarp, F. (2021). Rural-Urban Migration, Urbanisation and Unemployment: The Case of Tanzania Mainland. *African Journal of Economic Review*, 9(1), 87–108. <https://doi.org/10.22004/ag.econ.308767>

Thema 8 (Melentyeva): Impact of Minimum Wages

Despite being one of the most controversial labor market policies, the popularity of the minimum wage is rising. Many U.S. states have recently increased the minimum wage, and some have passed legislation that foresees further increases. Similarly, many European countries have enacted or plan substantial increases in the minimum wage. A prime example of these trends can be found in Germany, where the government introduced a national minimum wage in January 2015 for the first time in the history of the country.

The first task of this thesis is to review the paper by Dustmann et al. (2022), who examine the labor market effects of this first-time introduction of the minimum wage in Germany. Your second task is to review the literature on how introduction or increase of minimum wages affects labor markets and earnings inequality. You should also discuss the policy implications of the findings and put them in the context of ongoing debate regarding the effectiveness and effects of the policy of the minimum wages.

Literature:

Dustmann, C., Lindner, A., Schönberg, U., Umkehrer, M., & Vom Berge, P. (2022). Reallocation effects of the minimum wage. *The Quarterly Journal of Economics*, 137(1), 267-328.

Engbom, N., & Moser, C. (2022). Earnings inequality and the minimum wage: Evidence from Brazil. *American Economic Review*, 112(12), 3803-3847.

Bossler, M., & Schank, T. (2023). Wage inequality in Germany after the minimum wage introduction. *Journal of Labor Economics*, 41(3).

Dube, A. (2019). Impacts of minimum wages: review of the international evidence. Independent Report. UK Government Publication, 268-304.

Thema 9 (Melentyeva): Outside Options, Commuting, and Gender Inequality

Several mechanisms have been put forward to explain the persistence of gender inequality in the labor market, such as gender differences in time flexibility and career costs of motherhood. Le Barbanchon et al. (2021) explore a somewhat overlooked yet related aspect: gender differences in willingness to commute. The paper by Le Barbanchon et al. has been the first to document the gender gap in commuting and demonstrate that it explains a significant part of the gender pay gap. However, very little is known about the potential mechanisms behind the gap in commuting and potential policies that can reduce it, so the question is now receiving a lot of attention from the researchers.

The aims of this thesis are to review the literature on gender gap in commuting, its effects on labor market outcomes of women and potential mechanisms behind the gap as well as to review the paper by Le Barbanchon et al. (2021). Potential policies aimed at reduction of the commuting gap and related gender pay gaps should be also discussed.

Literature:

Le Barbanchon, T., Rathelot, R., & Roulet, A. (2021). Gender differences in job search: Trading off commute against wage. *The Quarterly Journal of Economics*, 136(1), 381-426.

Petrongolo, B., & Ronchi, M. (2020). Gender gaps and the structure of local labor markets. *Labour Economics*, 64, 101819.

Caldwell, S., & Danieli, O. (2024). Outside options in the labor market. *Review of Economic Studies*, rdae006.

Liu, S., & Su, Y. (2022). The geography of jobs and the gender wage gap. *Review of Economics and Statistics*, 1-27.

Thema 10 (Melentyeva): Universal Basic Income

The idea of universal basic income (UBI) – a set income that is given to all without any conditions – is making an important comeback in many countries. This is most likely the result of the large increase in inequality over the last few decades and stagnant median wages, as well as anxieties about automation and robotization and, more recently, the increase in unemployment in response to the coronavirus pandemic and uncertainty about prospects. However, there is very little evidence regarding the UBI longer-term consequences.

The main tasks of this thesis are to compose a literature review on the effects and effectiveness of the universal basic income policy as well as to review the paper by Daruich and Fernández (2024) and put their findings in the context of the existing research. You should also discuss potential implications of such policy for welfare and inequality.

Literature:

Daruich, D., & Fernández, R. (2024). Universal basic income: A dynamic assessment. *American Economic Review*, 114(1), 38-88.

Conesa, J. C., Li, B., & Li, Q. (2023). A quantitative evaluation of universal basic income. *Journal of Public Economics*, 223, 104881.

Jaimovich, N., Saporta-Eksten, I., Setty, O., & Yedid-Levi, Y. (2022). Universal basic income: Inspecting the mechanisms.

Banerjee, A., Niehaus, P., & Suri, T. (2019). Universal basic income in the developing world. *Annual Review of Economics*, 11, 959-983.

Thema 11 (Melentyeva): Gender Differences in Job Search and Gender Pay Gap

Despite the significant advances that women have made in the labor markets around the world, gender gaps in earnings remain remarkably persistent, even among the highly educated. The persistence of these gaps among groups of women who are arguably as skilled and well-trained as men has led researchers to consider “new classes of explanations,” such as the role of gender differences in psychological attributes to explain the observed labor market disparities. One aspect of the labor market where one might expect risk preferences and beliefs about one’s own relative ability to matter is job search behavior.

The aims of this thesis are to review the literature on how gender differences in risk preferences and beliefs affect job search process and their contribution to the gender earnings gap as well as to review the paper by Cortés et al. (2023). Policy implications of the findings for policies aimed at the reduction of gender gaps in the labor market should be also discussed.

Literature:

Cortés, P., Pan, J., Pilossoph, L., Reuben, E., & Zafar, B. (2023). Gender differences in job search and the earnings gap: Evidence from the field and lab. *The Quarterly Journal of Economics*, 138(4), 2069-2126.

Roussille, N. (2024). The role of the ask gap in gender pay inequality. *The Quarterly Journal of Economics*, qjae004.

Biasi, B., & Sarsons, H. (2022). Flexible wages, bargaining, and the gender gap. *The Quarterly Journal of Economics*, 137(1), 215-266.

Jäger, S., Roth, C., Roussille, N., & Schoefer, B. (2022). Worker beliefs about outside options (No. w29623). National Bureau of Economic Research.

Thema 12 (Melentyeva): Impact of Work-from-Home Revolution

Working from home (WFH) has been rising for years, as more occupations use computers and telecommunications, more people have reliable home internet connections, and more families have both parents working full time. The COVID-19 pandemic accelerated this process by forcing a large fraction of the global workforce to switch to WFH at least temporarily. Even if only a fraction of this shift became permanent, it would have implications for urban design, infrastructure development, and reallocation of investment from inner cities to residential areas. It would also have significant implications for how businesses organize and manage their workforces. However, little is yet known about some of the more fundamental consequences of WFH, including its effects on employee productivity.

The first task of this thesis is to review (a) the descriptive evidence on the recent trends regarding working from home and (b) the existing research on working-from-home effects on labor market outcomes of workers, productivity and performance of firms, and earnings inequality. The second task of this thesis is to review the paper by Gibbs et al. (2023), which addresses these questions, and put their findings in the context of existing research. You

should also discuss the consequences of rising popularity of working-from-home setting for other sectors of economies, such as housing and public transport, and potential policy implications.

Literature:

Gibbs, M., Mengel, F., & Siemroth, C. (2023). Work from home and productivity: Evidence from personnel and analytics data on information technology professionals. *Journal of Political Economy Microeconomics*, 1(1), 7-41.

Bloom, N., Liang, J., Roberts, J., & Ying, Z. J. (2015). Does working from home work? Evidence from a Chinese experiment. *The Quarterly journal of economics*, 130(1), 165-218.

Barrero, J. M., Bloom, N., & Davis, S. J. (2023). The evolution of work from home. *Journal of Economic Perspectives*, 37(4), 23-49.

Adams-Prassl, A., Boneva, T., Golin, M., & Rauh, C. (2020). Work tasks that can be done from home: Evidence on variation within & across occupations and industries.

Thema 13 (Melentyeva): The Career Costs of Motherhood

In almost all developed countries, despite significant improvements over the last decades, women still earn less than men, they are often underrepresented in leading positions, and their careers develop at a slower pace. Labor market costs associated with motherhood are known to be one of the major reasons for the remaining gender inequality. It is, therefore, crucial to measure the magnitude of these costs and understand how they decompose into loss of skills during interruptions, lost earnings opportunities, and lower accumulation of experience. Another important question is how intended fertility, even before children are born, affects the type of career a woman chooses.

The first task of this thesis is to review the paper by Adda et al. (2017), which addresses these questions by estimating a dynamic model that describes the labor supply, occupational choices, assets, marital status, and fertility decisions of women over the life cycle. Your second task is to review the literature on labor market costs associated with motherhood and to provide the overview on the main mechanisms behind the costs. You should also discuss how labor market costs of motherhood interact with the policies that encourage fertility and that aim at the reduction of gender gaps in the labor market.

Literature:

Adda, J., Dustmann, C., & Stevens, K. (2017). The career costs of children. *Journal of Political Economy*, 125(2), 293-337.

Goldin, C. (2014). A grand gender convergence: Its last chapter. *American economic review*, 104(4), 1091-1119.

Kleven, H., Landais, C., & Sogaard, J. E. (2019). Children and gender inequality: Evidence from Denmark. *American Economic Journal: Applied Economics*, 11(4), 181-209.

Andresen, M. E., & Nix, E. (2022). What causes the child penalty? Evidence from adopting and same-sex couples. *Journal of Labor Economics*, 40(4), 971-1004.

Einleitung zu den Themen 14-17: Macroeconomics of climate change.

Climate change confronts humanity with unprecedented challenges, urging scientists all over the world to search for available solutions. Mirroring this development, the literature on the macroeconomics of climate change has been growing rapidly.

Students interested in this topic are encouraged to consult the survey

Hassler, J., Krusell, P., & Smith Jr, A. A. (2016). Environmental macroeconomics. In *Handbook of macroeconomics* (Vol. 2, pp. 1893-2008). Elsevier,

which also summarizes the natural science and the most important contributions in this field of research, up to 2016.

Thema 14 (Epp): The social cost of carbon

Golosov et al. (2014) renew the conceptual basis for the macroeconomics of climate change by presenting a general equilibrium model that quantifies the social cost of carbon as the tax that aligns social and private benefits from emission carbon.

This thesis should start with a brief overview of the current stance of the literature on the social cost of carbon, specifying typical IAM models in use. Outline the structure of the model presented by Golosov et al. (2014) and explain its contribution in comparison to previous work (e.g. Nordhaus' DICE, see e.g. Nordhaus (1993)). Review the critique expressed by Stern et al. (2016), Pindyck (2015) and others against the estimates of the social cost of carbon based on climate sensitivities and whether/how more recent articles cope with this criticism.

Nordhaus, W. D. (1993). Rolling the 'dice': an optimal transition path for controlling greenhouse gases. *Resource and Energy Economics* 15 (1), 27–50.

Golosov, M., J. Hassler, P. Krusell, and A. Tsyvinski (2014). Optimal taxes on fossil fuel in general equilibrium. *Econometrica* 82 (1), 41–88.

Pindyck, R. S. (2013). Climate change policy: What do the models tell us? *Journal of Economic Literature* 51 (3), 860–72.

Stern, N. H., S. Peters, V. Bakhshi, A. Bowen, C. Cameron, S. Catovsky, D. Crane, S. Cruickshank, S. Dietz, N. Edmonson, et al. (2006). *Stern Review: The economics of climate change*, Volume 30. Cambridge University Press Cambridge.

Thema 15 (Epp): Spillovers of climate policy

This thesis should critically assess the perspectives of a country unilaterally implementing the climate abatement policy. It should include the literature overview on climate policies, focusing on the international impact of climate change mitigation in the open economy framework. Examine different channels that may have an impact on the global emissions and country's growth and competitiveness. Discuss costs and benefits outlined in the literature and conclude on the prospects of unilateral decarbonization.

Van den Bijgaart, I. (2017). The unilateral implementation of a sustainable growth path with directed technical change. *European Economic Review*, 91, 305-327.

Gerlagh, R. and O. Kuik (2007). Carbon leakage with international technology spillovers.

Babiker, M. H. (2005). Climate change policy, market structure, and carbon leakage. *Journal of International Economics* 65 (2), 421–445.

Thema 16 (Epp): Climate Change and endogenous growth

This thesis should investigate the effects that Climate Change as well as implemented climate abatement policy have on country's growth prospects. The thesis should include the analysis (or comparison) of climate model(s) with different climate policies and their effects on the growth path of the economy. As a starting point one could take the paper of Acemoglu et al. (2012), supporting it with other related works.

Acemoglu, D., Aghion, P., Bursztyn, L., & Hémous, D. (2012). The environment and directed technical change. *American Economic Review*, 102(1), 131-166.

Acemoglu, D., Aghion, P., & Hémous, D. (2014). The environment and directed technical change in a North–South model. *Oxford Review of Economic Policy*, 30(3), 513-530.

Hassler, John, Per Krusell, and Conny Olovsson. "Directed technical change as a response to natural resource scarcity." *Journal of Political Economy* 129.11 (2021): 3039-3072.

Thema 17 (Epp): The political economy of climate change abatement

The main goal of this thesis would be to discuss possible incentives of countries to form international climate agreements as well as potential mechanisms for enforcing collaboration. The work of Nordhaus (2015) could be taken as a starting point for analyzing climate clubs as a tool for international climate cooperation. The work then could elaborate on the role of trade surpluses, financial market integration and international supply chain linkages in explaining bargaining positions or the scope for game theoretic interaction. The work could also examine

Emission Trading Systems as an additional tool in addressing the climate change abatement cooperation.

Nordhaus, W. (2015). Climate clubs: Overcoming free-riding in international climate policy. *American Economic Review* 105 (4), 1339–70.

Helm, D., Hepburn, C., & Ruta, G. (2012). Trade, climate change, and the political game theory of border carbon adjustments. *Oxford review of economic policy*, 28(2), 368-394.

Wood, P. J. (2011). Climate change and game theory: a mathematical survey.

Hillebrand, Elmar, and Marten Hillebrand. "Who pays the bill? climate change, taxes, and transfers in a multi-region growth model." *Journal of Economic Dynamics and Control* (2023): 104695.

Thema 18 (Epp): Sovereign Debt and Debt Renegotiation

Recent drastic changes in the world's political and economic climate have brought about concerns about the harm those changes will inflict on climate.

Sovereign borrowing is an integral part of international capital markets. But contrary to many other types of loans, sovereign loans are unsecured as the repayment is not guaranteed. For this reason, alternative measures must be used in order to motivate the repayment.

This work should contain the analysis of the existing literature on sovereign default and the possible tools to enforce the repayment of debt. Use the work of Mendoza and Yue (2012) as the main reference to outline the model of sovereign default. Briefly discuss the ways of renegotiation in case the default still happens.

A starting point of this literature is:

Eaton, Jonathan, and Mark Gersovitz. Debt with potential repudiation: Theoretical and empirical analysis. *The Review of Economic Studies* 48.2 (1981): 289-309.

Important contributions to build on in a bachelor's thesis could be:

Gennaioli, N., Martin, A., & Rossi, S. (2014). Sovereign default, domestic banks, and financial institutions. *The Journal of Finance*, 69(2), 819-866.

Mendoza, Enrique G., and Vivian Z. Yue. A general equilibrium model of sovereign default and business cycles. *The Quarterly Journal of Economics* 127.2 (2012): 889-946.

Yue, Vivian Z. Sovereign default and debt renegotiation. *Journal of international Economics* 80.2 (2010): 176-187.

Thema 19 (Brinker): Economic Origins of Government: Evidence and Theory

Since Hobbes, Lock, and Rousseau posed the question of the origin of government and introduced the notion of the social contract, research from social sciences has tried to provide more detailed and advanced answers to this question. Naturally, economics is no exception. Broadly, one can categorize the existing economic theory into two categories: First, and more closely related to the initial thought of Hobbes, Lock and Rousseau, is the strand that views government as a means to solving problems of externalities and cooperation. Second, and more akin to the socialist view of government, is the notion of a repressive and extractive institution, which serves a small social elite. Recent contributions from economics challenge and/or support these ideas from an empirical perspective.

In this thesis you will initially provide a literature review and respective syntheses of the theoretical and empirical economic research on the origins of government. Second, you will contrast the existing theory with empirical findings and argue if and how the theoretical literature could incorporate discrepancies between the two strands.

Literature

Allen, Robert C., Mattia C. Bertazzini, and Leander Heldring. 2023. "The Economic Origins of Government." *American Economic Review* 113 (10): 2507–45.
<https://doi.org/10.1257/aer.20201919>.

Mayshar, Joram, Omer Moav, and Luigi Pascali. 2022. "The Origin of the State: Land Productivity or Appropriability?" *Journal of Political Economy* 130 (4): 1091–1144.
<https://doi.org/10.1086/718372>.

Sánchez de la Sierra, Raúl. 2020. "On the Origins of the State: Stationary Bandits and Taxation in Eastern Congo." *Journal of Political Economy* 128 (1): 32–74.
<https://doi.org/10.1086/703989>.

Thema 20 (Andreeva): The emergence of fiscal rules

Your thesis will investigate the growing implementation of fiscal rules in recent decades. It should start by outlining the theoretical justifications for fiscal rules, including the strategic role of debt in political competition. Next, you should propose a hypothesis that accounts for the increased adoption of fiscal rules. This could involve examining demographic or political shifts, such as the creation of the Eurozone. You might also hypothesize about the prevalence of certain types of fiscal rules (such as balanced budget or expenditure rules) across different countries. The validity of your hypothesis should be confirmed through empirical testing.

Literature

Alberto Alesina and Guido Tabellini, "A Positive Theory of Fiscal Deficits and Government Debt," *The Review of Economic Studies* 57, no. 3 (1990): 403–14, <https://doi.org/10.2307/2298021>.

Hamid R. Davoodi et al., "Fiscal Rules and Fiscal Councils" (IMF Working Paper WP 22/11, 2022).

Alesina, Alberto, and Roberto Perotti. "The Political Economy of Budget Deficits." *Staff Papers (International Monetary Fund)* 42, no. 1 (1995): 1–31. <https://doi.org/10.2307/3867338>.

Charles Wyplosz, "Fiscal Rules: Theoretical Issues and Historical Experiences," in *Fiscal Policy after the Financial Crisis* (University of Chicago Press, 2012), 495–525

Thema 21 (Andreeva): Political consequences of high inflation

In recent years, developed economies grappled with inflation levels not witnessed in decades. Past research suggests that inflation crises tend to exacerbate political polarization and undermine the stability of ruling coalitions. This thesis aims to build upon this work to improve our understanding of the political consequences of high inflation. It should investigate not only inflation crises but also consider periods of sustained high inflation. Furthermore, this thesis should formulate and empirically validate a novel hypothesis that connects inflation with shifts in political preferences. The study may examine which income brackets are more likely to alter their political loyalties, the impact on political parties across the ideological spectrum, and whether different causes of inflation, such as demand surges or oil price hikes, align with particular political changes.

Atif Mian, Amir Sufi, and Francesco Trebbi, "Resolving Debt Overhang: Political Constraints in the Aftermath of Financial Crises," *American Economic Journal: Macroeconomics* 6, no. 2 (April 2014): 1–28, <https://doi.org/10.1257/mac.6.2.1>.

Matthias Doepke and Martin Schneider, "Inflation and the Redistribution of Nominal Wealth," *Journal of Political Economy* 114, no. 6 (December 2006): 1069–97, <https://doi.org/10.1086/508379>.

Margalit, Yotam, and Omer Solodoch. "Electoral Responses to Economic Crises." SSRN Scholarly Paper. Rochester, NY, July 16, 2023. <https://doi.org/10.2139/ssrn.4512364>.

Thema 22 (Andreeva): Generational fairness and the debt brake

The common assertion that passing debt onto future generations is unfair presents a strong case for enacting a balanced budget rule, which requires the government to not spend beyond its income. You should develop a straightforward theoretical framework to assess when such a rule truly benefits future generations. Your model should include two generations, imperfect intergenerational altruism, and public investment. Your analysis of the model should compare the welfare of future generations under strict adherence to a zero-deficit policy to that under a regime that permits borrowed spending. You should use your model to discuss the possibility of designing budget rules that could replicate choices a social planner who assigns equal weights to the welfare of both generations would make.

Literature

Bassetto, Marco, and Thomas J. Sargent. "Politics and Efficiency of Separating Capital and Ordinary Government Budgets." *The Quarterly Journal of Economics* 121, no. 4 (2006): 1167–1210.

Peletier, Ben D., Robert A. J. Dur, and Otto H. Swank. "Voting on the Budget Deficit: Comment." *American Economic Review* 89, no. 5 (December 1999): 1377–81. <https://doi.org/10.1257/aer.89.5.1377>.

Thema 23 (Andreeva): Long-run fiscal multipliers

Estimations of fiscal multipliers have predominantly focused on the immediate impact of government expenditure on output, but the long-term impact of such spending on economic growth has gathered increasing attention. Your thesis will explore this recent literature. You should begin by formulating theoretical arguments that can explain a positive effect of government spending and economic growth, an effect usually absent in macroeconomic models. Specific mechanisms you might consider are the complementarities between public and private investment or under-provision of private R&D due to positive externalities. Then, connect your theoretical arguments with empirical evidence from the growing literature on the long-run effects of government spending to create a cohesive narrative of the fiscal policy's role in promoting economic growth.

Literature

Antolin-Diaz, Juan, and Paolo Surico. "The Long-Run Effects of Government Spending," November 2022.

Dyevre, Arnaud. "Public R&D Spillovers and Productivity Growth," January 22, 2024.

Aschauer, David Alan. "Is Public Expenditure Productive?" *Journal of Monetary Economics* 23, no. 2 (March 1989): 177–200. [https://doi.org/10.1016/0304-3932\(89\)90047-0](https://doi.org/10.1016/0304-3932(89)90047-0).