

**Economics Internal PhD Conference 2022**

**Sackville Street F41**

**9:30 am – 17:30 pm**

**Wednesday 11 May 2022**

All times are in UK time zone.

**General format:** All presenters except the keynote have 25 minutes (including questions). Catering will be provided for 35 people. This will happen on a first-come-first serve basis, with priority for participants.

**09:30 – 09:40** Welcome Address by Nuno Palma

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**SESSION I: Applied Economics**

**09:40– 10:05** Kriti Arora

**10:05– 10:30** Louis Brijmohun

**10:30- 10:55** Adrian Nicholas Gachet

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**10:55 – 11:05** Break

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**SESSION II: Theory/Behavioural Economics**

**11:05– 11:30** Angus Leong

**11:30– 11:55** Mohammad Javad Vanaei

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**11:55 – 12:05** Break

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**SESSION II: Macro and Public Economics**

**12:05– 12:30** Usama Jamal

**12:30– 12:55** Carlos Javier Charotti

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**12:55-14.00** Lunch

**14.00-15.30** Keynote talk: **Professor James Fenske** (University of Warwick)

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**15:30 – 16:00** Break

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**16:00 – 17:30** Individual meetings of PhD students with James Fenske

**18:30** Dinner (location TBA)

## **SESSION I: Applied Economics**

**09:40– 10:05** Kriti Arora

### Women’s Inheritance Rights and their Intergenerational Effects: Evidence from India

This paper investigates the intergenerational impact of the Amendments to the Hindu Succession Act (1956), which allow women to have an equal share in ancestral property. Using a difference-in-difference strategy on two rounds of the India Human Development Survey (IHDS), a nationally representative dataset, the paper looks at the impact of property rights reform on a Women Empowerment Index. It further looks for evidence of an intergenerational transmission of education to her children. The paper also explores the potential mechanisms to explain the results.

**10:05– 10:30** Louis Brijmohun

### Urgency and design considerations in UK environmental food policy

I present trade-offs between selection and timing of policies to reduce the carbon footprint and environmental impact of the UK food system. I use the Almost Ideal Demand System (AIDS) of Deaton and Muellbauer (1980) to model food consumption in the UK, and estimate the impact on consumers and the environment of various policy designs recommended in the literature. Differences in predicted policy outcomes are compared with the costs of delay in the context of the climate and ecological crises.

**10:30- 10:55** Adrian Nicholas Gachet

### A Tale of Two Land Reforms: Property Rights and Agricultural Productivity

In this paper I study the effects of heterogeneous property rights on long-run agricultural productivity. The setting is the Ecuadorean land reform in the period 1964-1978 which allocated different types of land property rights among beneficiaries from expropriation and public lands distribution (also known as “Colonization”). Expropriation beneficiaries were given limited property rights, while colonization beneficiaries had access to a more secure and flexible regime. By using a geographic regression discontinuity design and contemporary agricultural data, I am currently estimating the persistence effects of these two regimes of property rights on agricultural productivity. The mechanism I am considering is crop choice as a function of investment, which is determined by the quality of the allocated land property rights.

## **SESSION II: Theory/Behavioural Economics**

**11:05– 11:30** Angus Leong

### Gain-Loss Utility for Prospect Theory

Gain-loss separability, a key assumption in reference-dependent preference models, is formalized to provide foundations and extensions of prospect theory under risk. We observe that, if probabilities for gains and losses are treated linearly as in expected utility, then reference-dependence cannot be identified from basic preference requirements. Based on this observation, we propose a preference condition that allows for changes in probabilities to depend on the sign of outcomes. Applying this property to regular prospects (i.e., lotteries with one gain, one loss or the reference point as outcomes) we obtain a generalization of prospect theory. A special case results if probabilities of losses are treated the same as the probabilities of gains; this delivers original prospect theory (Kahneman and Tversky 1979). We extend our model to general prospects that contain multiple gains or losses. As a result, we identify the gain-loss utility function that is frequently used in applications of loss aversion.

**11:30– 11:55** Mohammad Javad Vanaei

### Evolutionary models of financial markets

This talk deals with Evolutionary Finance (EF), a novel and rapidly developing area of research. Financial markets are explored as evolving biological systems. Investors pursuing diverse investment strategies compete for the market capital. Some survive and some become extinct. A central goal is to identify evolutionary stable, i.e. guaranteeing survival, investment strategies. The problem is studied in frameworks combining stochastic dynamical systems and evolutionary game theory. Models analyzed in this area employ only objectively observable market data, in contrast with traditional settings relying upon unobservable agents' characteristics (utilities and beliefs). The main results provide effective constructions of evolutionary stable strategies. In most of the EF models it is assumed that the payoffs of the assets are given exogenously. One of the goals of this PhD research is to develop EF models with endogenous asset payoffs.

## **SESSION II: Macro and Public Economics**

**12:05– 12:30** Usama Jamal

### Behavioural responses of firms to VAT notches.

We analyze firm responses to VAT notches using full firm population data on firm's reported revenue in Pakistan. Studying the behavioural responses of firms to annual turnover threshold has important implications for policy making. In particular, we look at the growth rate of firms that bunch over the years, the percentage of persistent bunching and extensive margin responses to turnover taxation, i.e., estimation of firm exit rate around the threshold.

**12:30– 12:55** Carlos Javier Charotti

The Macroeconomics of a Government's Investment

This paper studies the macroeconomic effect of an exogenous change in public investment in a developing country. In particular, we focus on a central question: what is the effect on output of an increase in a government's investment in infrastructure? In order to answer this question, we use as a quasi-natural experiment the infrastructure investment made in Paraguay by the Itaipú Binacional hydroelectric dam. We show that the investment caused an average Paraguayan output increase of 0.5% to 2.6% per year between 1974-1984. In addition, we provide empirical evidence on the main channels that explain how changes in public investment affect output. The results are robust to placebo and robustness tests.