



Department of Economics Newsletter

No. 5, April 2016

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New Faculty: Dina Pomeranz

Dear reader,

As you are reading these lines a new cohort of 16 students have just been admitted to our Graduate School as of August 2016 with full funding. These students went through a competitive selection process: out of the almost 300 applicants, 23 short-listed candidates accepted our invitation to Zurich for a campus visit in February. During their two-day stay here they participated in lectures, learned about our graduate school and had personal interviews and meetings with members of the faculty. We were delighted to meet so many bright, motivated and accomplished students aiming to pursue a career in academia.

This large interest in our Graduate School of Economics proves that we took the right decision in 2009 when we introduced the GSE Program with a stronger focus on methodological foundation and a challenging curriculum. In this issue you will find an interview with Beatrice Kraus who is looking back at her four years in the ZurichGSE.

One of our mission cornerstones is to provide decisive contributions to economic and social policies. Inside this edition of our newsletter you will find an example of such policy relevant research: A recent paper by Jo-

sef Zweimüller is one of the first to comprehensively discuss the market externalities of changes in unemployment benefit systems.

In August, Dina Pomeranz will be joining our department as a visiting professor before taking on her role as assistant professor here next summer. Get to know her and her research interests in our interview on page eight.

As usual, we also present a selection of our current publications: Be it theoretical mathematical modeling, neuroscience, political economic evidence or societal economic topics – the Zurich Department of Economics continues to have a lot to say.

I hope you find our output as interesting and stimulating as I do and wish you a thought-provoking read through the spring 2016 edition of our newsletter.

Rainer Winkelmann
Chairman of the Department of Economics

Faculty Research

The advantages of increasing unemployment benefits

The scope and costs of unemployment and unemployment benefits remain in the spotlight of political and societal discussion and will do so for the foreseeable future. To date, the majority of research on the subject focuses on the effects of unemployment benefits on a recipient's behavior. Josef Zweimüller, together with Rafael Lalive and Camille Landais, argues that this only accounts for part of the story. In addition to these behavioral effects the market externalities - changes in the probability of finding a job for a given search intensity - are critical in determining the optimal level of unemployment benefits.

2 The majority of academic and policy research on unemployment benefits focuses on the effect a generous benefit system has on the effort and success of an individual recipient to re-enter the labor market. The prediction is that extending the maximum duration of the available benefits reduces a person's efforts to search for a new job, resulting in longer unemployment durations. This prediction has ample empirical support. In fact, many micro-studies find that increasing the generosity of unemployment benefits tends to increase eligible individuals' average duration of unemployment.

While many studies on the micro effect exist, this effect does not necessarily coincide with the overall (macro) effect of unemployment insurance generosity. The micro effect will give a biased estimate of the macro effect if market externalities are important. To identify externalities, the authors estimate the effects of extending unemployment benefits for non-eligible individuals. The basic idea is very simple: if externalities are important, extended unemployment insurance for eligible workers will also affect non-eligible workers. In contrast, if externalities are negligible, non-eligible workers should not be affected. For instance, when generous unemployment insurance strongly reduces eligible workers' search effort, it will be much easier for non-eligible workers to find a new job, reducing unemployment durations for the latter.

Challenges in measuring externalities

Although these market externalities have an impact on overall welfare costs and are critical in determining the optimal level of unemployment benefits, they are much harder to identify, and little empirical research is available on their quantitative importance. Zweimüller, Lalive and Landais bridge this gap by using data from an unemployment program launched in selected regions

of Austria between 1983 and 1988. They argue that this program provides an ideal design to identify market externalities because labor markets with extended unemployment benefits can be compared to labor markets that do not get the extension. Contrasting non-eligible workers in treated labor markets to similar workers in the non-treated labor markets allows the authors to identify the sign and magnitude of market externalities due to increased unemployment insurance generosity.

The authors first compare the average duration of unemployment of eligible unemployed subjects in areas with extended benefits and their counterparts in areas without extended benefits. As in most existing studies, people eligible for increased benefit durations remained unemployed for longer periods than they would have otherwise.

An extension of unemployment leads to shorter durations of unemployment for workers not eligible to increased generosity.

The empirical analysis provides clear support for significant and quantitative important market externalities: individuals who are not eligible for extended benefits have shorter unemployment durations than similar workers in regional labor markets where these extended unemployment benefits were not granted. Non-eligible workers benefit from the reduced aggregated search effort of eligible workers. This reduction in unemployment duration is seen for non-eligible people and is strongest within the treated regional labor markets and, to a lesser extent, for people coming from neighboring areas, the latter indicating a regional spillover effect.

Faculty Research

The effects described above become more pronounced for subsets of the market with increasing percentages of eligible subjects. The available data indicated this was the case for unemployed people over the age of fifty. The data shows that non-eligible unemployed persons over the age of fifty in areas with extended benefits will find a new employment much earlier than their counterparts in untreated markets.

Including externalities improves the effectiveness of benefit policies

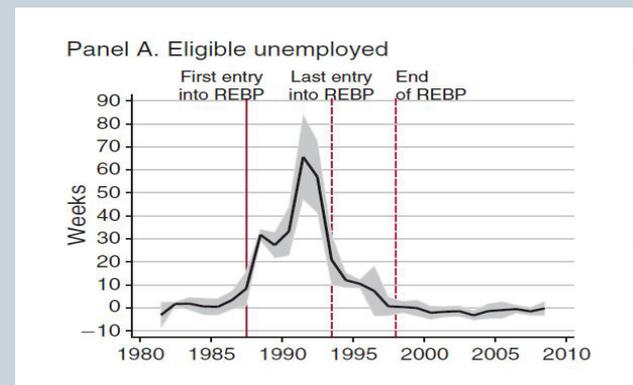
The overall (“macro”) effect of increased unemployment insurance generosity is the sum of the “micro” effect (on eligible workers) and the externality (the effect on non-eligible workers). The existence of market externalities, and the direction they take, implies that the macro effect of unemployment insurance extensions is smaller than that that micro-studies indicate. Relying on micro-studies to assess the moral hazard is therefore misleading and draws a too pessimistic picture on the implications of unemployment insurance generosity.

The existence of positive externalities points to intense competition for a limited number of jobs: it gets easier for me to find a job if all others search less hard. This result has important policy consequences: it implies that extending unemployment benefits during a recession is a beneficial, welfare-enhancing policy. Optimal unemployment insurance has to weigh moral hazard costs (lower search intensity) against its value of insurance against job loss (consumption smoothing benefits). With positive externalities, moral hazard costs of reduced search efforts are smaller in recessions, when jobs are scarce, providing an argument for more generous benefits in bad times. This provides support for government policies during the Great Recession such as the “emergency unemployment benefit program” in the US which granted more generous benefits in states hit hardest by the recession.

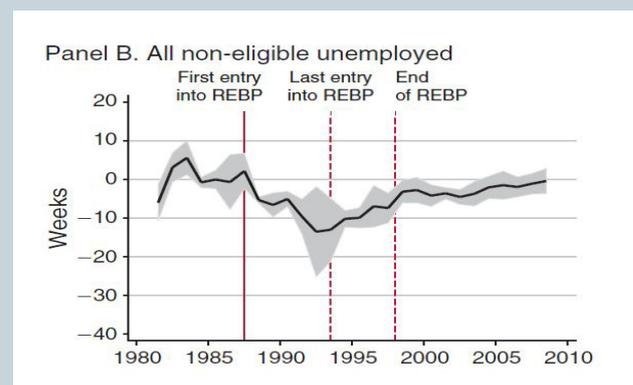
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Lalive, Rafael; Landais, Camille & Zweimüller, Josef (2015). “Market Externalities of Large Unemployment Insurance Extension Programs,” *American Economic Review*, 105(12): 3564-3596.

Comparing the average duration of unemployment of the eligible and non-eligible workers in markets with and without extended unemployment insurance benefits.



Offering extended unemployment benefits leads to significantly longer durations of unemployment for eligible workers - compared to a setting with the unchanged unemployment benefits. Panel A shows the difference in duration of unemployment in weeks between markets with and without the benefit extension. Before 1988 (the start of the program) and after 1993 (the end of the program) these differences are negligible. During the program, however, the eligible remain unemployed for longer - on average 40 weeks.



Panel B shows the corresponding effect on non-eligible workers (the positive externality). Non-eligible people profit from the reduced search effort of the eligible group and have shorter unemployment durations. The externality is stronger for non-eligible individuals who are in close competition with eligible workers.

Faculty Research

Publications

Selected Publications in Economics

 Aghion, Philippe; Dechezleprêtre, Antoine; Hémous, David; Martin, Ralf & Van Reenen, John (2016). “Carbon Taxes, Path Dependency, and Directed Technical Change: Evidence from the Auto Industry,” *Journal of Political Economy*, 124(1): 1-51.

4 Can directed technical change be used to combat climate change? We construct new firm-level panel data on auto industry innovation distinguishing between “dirty” (internal combustion engine) and “clean” (e.g. electric and hybrid) patents across 80 countries over several decades. We show that firms tend to innovate relatively more in clean technologies when they face higher tax-inclusive fuel prices. Furthermore, there is path dependence in the type of innovation both from aggregate spillovers and from the firm’s own innovation history. Using our model, we simulate the increases in carbon taxes needed to allow clean technologies to overtake dirty ones.

 Brückner, Markus & Schwandt, Hannes (2015). “Income and Population Growth,” *The Economic Journal*, 124 (589): 1653-1676.

Do populations grow as countries become richer? In this study we estimate the effects on population growth of shocks to national income that are plausibly exogenous and unlikely to be driven by technological change. For a panel of over 139 countries spanning the period 1960–2007, we interact changes in international oil prices with countries’ average net-export shares of oil in GDP. Controlling for country and time fixed effects, we find that this measure of oil price induced income growth is positively associated with population growth. The IV estimates indicate that a one percentage point increase in GDP per capita growth over a ten-year period increases countries’ population growth by around 0.1 percentage points. Furthermore, we find that this population effect results from both a positive effect on fertility and a negative effect on infant and child mortality.

 Efferson, Charles; Vogt, Sonja; Elhadi, Amy; El Fadil Ahmed, Hilal & Fehr, Ernst (2015). “Female genital cutting is not a social coordination norm,” *Science*, 349(6255): 1446-1447.

Worldwide an estimated 125 million girls and women are cut despite the fact that female genital cutting leads to

serious health problems throughout life. Development agencies spend millions of dollars every year on interventions promoting the abandonment of cutting. Researchers at the University of Zurich and their collaborators in Sudan have collected new data that challenge the assumptions on which many of these interventions are based. The study shows that families within communities vary tremendously in terms of their cutting practices. This result indicates that the decision to cut depends largely on private values rather than social norms.

 Christian Ewerhart (2016). “An envelope approach to tournament design,” *Journal of Mathematical Economics*, 63: 1-9.

Optimal rank-order tournaments have traditionally been studied using a first-order approach. This analysis relies instead on the construction of an “upper envelope” over all incentive compatibility conditions. It turns out that the first-order approach is not innocuous. For example, in contrast to the traditional understanding, tournaments may be dominated by piece rates even if workers are risk-neutral. The paper also offers a strikingly simple characterization of the optimal tournament for quadratic costs and CARA utility, as well as an extension to large tournaments.

 König, Michael; Lorenz, Jan & Zilibotti, Fabrizio (2016). “Innovation vs. imitation and the evolution of productivity distributions,” *Theoretical Economics*, forthcoming.

The authors develop a tractable dynamic model of productivity growth and technology spillovers that is consistent with the emergence of real world empirical productivity distributions. Firms can improve productivity by engaging in in-house R&D, or alternatively, by trying to imitate other firms’ technologies, subject to the limits of their absorptive capacities. The outcome of both strategies is stochastic. The choice between in-house R&D and imitation is endogenous, and based on firms’ profit maximization motive. Firms closer to the technological frontier face fewer imitation opportunities and choose in-house R&D, while firms farther from the frontier try to imitate more productive technologies. The equilibrium choice leads to a balanced-growth equilibrium featuring persis-

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Selected Publications in Economics

tent productivity differences even when starting from ex-ante identical firms. The long-run productivity distribution can be described as a traveling wave with tails following a Pareto as can be observed in the empirical data.

 Rendall, Michelle & Weiss, Franziska (2016). "Employment polarization and the role of the apprenticeship system," *European Economic Review*, 82: 166-186.

This paper studies the effect of apprenticeship training on technology adoption and labor market polarization. A stylized model with two key features is developed: (1) apprentices are more productive due to industry-specific training, but (2) from the firm's perspective, when training apprentices, technological innovation is costly since training becomes obsolete. Thus, apprentices correlate with slower adoption of skill-replacing technologies, but also less employment polarization. We test this hypothesis on German regions given local variation in apprenticeship systems until 1976. The results show little computer adoption and no employment polarization related to apprentices, but similar displacement of non-apprentices by computers as in the US.

Further Publications in Economics

Acemoglu, Daron; Autor, David; Dorn, David; Hanson, Gordon H. & Price, Brendan (2016). "Import Competition and the Great U.S. Employment Sag of the 2000s," *Journal of Labor Economics*, 34(S1): S141 - S198.

Crawford, Gregory (2016). "The Economics of Television and Online Video Markets," *Handbook of Media Economics*, forthcoming.

Falkinger, Josef (2015). "Finanzen überschatten das ökonomische Denken," *Die Volkswirtschaft. Plattform für Wirtschaftspolitik*, published online.

Guvenen, Fatih & Rendall, Michelle (2015). "Women's Emancipation Through Education: A Macroeconomic Analysis," *Review of Economic Dynamics*, 18(4): 931-956.

Koenig, Michael (2016). "The Formation of Networks with Local Spillovers and Limited Observability," *Theoretical Economics*, forthcoming.

Ledoit, Olivier & Wolf, Michael (2016). "Spectrum estimation: A unified framework for covariance matrix estimation and PCA in large dimensions," *Theoretical Economics*, forthcoming.

Chen, Heng; Luo, Yulei & Pei, Guangyu (2015). "Attention misallocation, social welfare and policy implications," *Journal of Economic Dynamics and Control*, 59: 37-57.

Oud, Bastiaan; Krajbich, Ian; Miller, Kevin; Cheong, Jin Hyun; Botvinick, Matthew & Fehr, Ernst (2016). "Irrational time allocation in decision-making," *Proceedings of the Royal Society B*, 283(1822).

Müller, Andreas; Storesletten, Kjetil & Zilibotti, Fabrizio (2015). "The Political Color of Fiscal Responsibility," *Journal of the European Economic Association*, 14(1): 252-302.

Schwandt, Hannes (2016). "Unmet aspirations as an explanation for the age U-shape in well-being," *Journal of Economic Behavior & Organization*, 122: 75-87.

Faculty Research

Publications

Selected Publications in Neuroeconomics

 Hein, Grit; Morishima, Yosuke; Leiberg, Susanne; Sul, Sunhae & Fehr, Ernst (2016). “The Brain’s Functional Network Architecture Reveals Human Motives,” *Science*, 351(6277): 1074-1078.

6 Goal-directed human behaviors are driven by motives. Motives are, however, purely mental constructs that are not directly observable. Here, we show that the brain’s functional network architecture captures information that predicts different motives behind the same altruistic act with high accuracy. In contrast, mere activity in these regions contains no information about motives. Empathy-based altruism is primarily characterized by a positive connectivity from the Anterior Cingulate Cortex (ACC) to the Anterior Insula (AI), whereas reciprocity-based altruism additionally invokes strong positive connectivity from the AI to the ACC and even stronger positive connectivity from the AI to the Ventral Striatum (VS). Moreover, predominantly selfish individuals show distinct functional architectures compared to altruists, and they only increase altruistic behavior in response to empathy inductions, but not reciprocity inductions.

 Polanía, Rafael; Moisa, Marius; Opitz, Alexander; Grueschow, Marcus & Ruff, Christian C. (2015). “The precision of value-based choices depends causally on fronto-parietal phase coupling,” *Nature Communications*, 6:8090.

Which meal would you like today, chicken or pasta? For such value-based choices, organisms must flexibly integrate various types of sensory information about internal states and the environment to transform them into actions. Recent accounts suggest that these choice-relevant processes are mediated by information transfer between functionally specialized but spatially distributed brain regions in parietal and prefrontal cortex; however, it remains unclear whether such fronto-parietal communication is causally involved in guiding value-based choices. We find that transcranially inducing oscillatory desynchronization between the frontopolar and -parietal cortex leads to more inaccurate choices between food rewards while leaving closely matched perceptual decisions unaffected. Computational modelling shows that this exogenous manipulation leads to imprecise value assignments to the choice alternatives. Thus, our study demonstrates

that accurate value-based decisions critically involve coherent rhythmic information transfer between fronto-parietal brain areas and establishes an experimental approach to non-invasively manipulate the precision of value-based choices in humans.

Awards and Distinctions

Further Publications in Neuroeconomics

Beharelle, Anjali Raja; Polanía, Rafael; Hare, Todd A. & Ruff, Christian C. (2015). "Transcranial Stimulation over Frontopolar Cortex Elucidates the Choice Attributes and Neural Mechanisms Used to Resolve Exploration-Exploitation Trade-Offs," *The Journal of Neuroscience*, 35(43): 14544-14556.

Hager, Oliver M.; Kirschner, Matthias; Bischof, Martin; Hartmann-Riemer, Matthias N.; Kluge, Agne; Seifritz, Erich; Tobler, Philippe N.; Kaiser, Stefan (2015). "Reward-dependent modulation of working memory is associated with negative symptoms in schizophrenia.," *Schizophrenia Research*, 168(1-2): 238-244.

Hakimi, Shabnam & Hare, Todd A. (2015). "Enhanced Neural Responses to Imagined Primary Rewards Predict Reduced Monetary Temporal Discounting," *The Journal of Neuroscience*, 35(38): 13103-13109.

Hein, Grit; Engelmann, Jan B.; Vollberg, Marius C. & Tobler, Philippe N. (2016). "How learning shapes the empathic brain," *Proceedings of the National Academy of Sciences*, 113(1): 80-85.

Kahnt, Thorsten & Tobler, Philippe N. (2016). "Dopamine regulates stimulus generalization in the human hippocampus," *eLife*, published online.

Krajbich, Ian; Hare, Todd A.; Bartling, Björn; Morishima, Yosuke & Fehr, Ernst. (2015). "A Common Mechanism Underlying Food Choice and Social Decisions," *PLOS Computational Biology*, 11(10).

Makwana, Aidan; Grön, Georg; Fehr, Ernst & Hare, Todd A. (2015). "A Neural Mechanism of Strategic Social Choice under Sanction-Induced Norm Compliance (1,2,3)," *eNeuro*, published online.

Oyama, Kei; Tateyama, Yukina; Hernádi, István; Tobler, Philippe N.; Iijima, Toshio & Tsutsui, Ken-Ichiro (2015). "Discrete coding of stimulus value, reward expectation, and reward prediction error in the dorsal striatum," *Journal of Neurophysiology*, 114 (5): 2600-2615.



Armin Schmutzler takes on a leading role at the Swiss Competition Commission

Prof. Dr. Armin Schmutzler was appointed Vice President of the Swiss Competition Commission by the Swiss Federal Council.

SNF and UZH awarded Zoltan Nagy with a research grant

The Swiss National Science Foundation (SNF) and the University of Zurich awarded 377,143 CHF to Zoltan Nagy's research project "Concurrent magnetic field monitoring camera for MRI scanners: Employing a cutting-edge technology in neuroscience research."

SNF funds project of Philippe Tobler

The Swiss National Science Foundation (SNF) awarded Philippe Tobler 231,100 CHF for his research project "How similarity breeds liking in Korean and Swiss brains."

Silver for Andreas Hefti

Andreas Hefti won 2nd place at the Young Economist Paper Award for his paper "Limited Attention, Competition and Welfare" at the 2015 Jornadas de Economía Industrial (JEI) conference.

New Faculty Members



Dina Pomeranz

8

Dina Pomeranz will join the Department of Economics of the University of Zurich as a visiting professor in August 2016 before taking on her appointment as Assistant Professor in Microeconomics as of September 1, 2017. We had the opportunity to recently interview the Swiss native, who grew up in Zurich.

You have done extensive research on public policies in emerging markets. What motivated you to start this work?

Pomeranz: During high school, I spent a year in an exchange program in Costa Rica. Since then, I've always wondered about why the world is so unequal, and what factors might make a difference to change it. This motivated me to study international relations, and later economics, because I realized that a lot of the societal questions of our time are economic in nature. Later, during graduate school, I learned about the exciting new methods of how we can empirically evaluate the effectiveness of different policies. This empirical revolution makes it possible to shift the debates in development economics away from ideological fights, and towards discussions that are more informed by good evidence. Being able to contribute to that body of evidence is very exciting and motivating to me.

What are some of the main new insights from your work?

Pomeranz: I've worked extensively with the governments in Chile and Ecuador, as well as with financial institutions, to study topics such as how to reduce tax evasion, improve public procurement practices, or increase access to savings accounts. One of the first key insights for me was how much mutual learning can be created in such collaborations. I was happy to see that some of our research results are already being used for practical policy purposes in these institutions now.

Tax evasion is a crucial issue in most developing countries, and governments search for ways to reduce it. In a randomized field experiment in Chile, we found that the paper trail in the value-added tax can play an important role for tax enforcement. However, it also has its limits, for example in transactions to the final consumer or, as we have found in a natural experiment in Ecuador, in environments of weaker tax enforcement. In such situations, taxpayers can substitute their evasion away from activities that leave a paper trail to line-items that are harder to monitor.

What are you currently working on?

Pomeranz: Together with Gabriel Zucman at the University of Berkeley and Sebastian Bustos, a PhD student at Harvard, we are working on a project to analyze tax regulation of multinational corporations. International taxation and profit shifting by firms to low-jurisdiction environments is becoming an increasingly important issue in this globalized world. To address this challenge, the OECD developed a set of norms for how countries should monitor and regulate taxation of firms with affiliates in other countries. In 2011, Chile implemented these reforms, as part of its accession to the OECD. In collaboration with the Chilean tax authority, we are in the process of analyzing how the 2011 reform affected the use of tax havens and the taxes paid by internationally active Chilean firms.

What drew you to Switzerland and the Department of Economics?

Pomeranz: I grew up in Zurich, but haven't lived here for an extended period of time since college. So when I learned about the amazing growth and transformation that the economics department is going through, it seemed al-

most too good to be true. The more I learn about the department, the more impressed I am with both the quality of the research and the positive energy and supportive atmosphere among the faculty. Zurich is also known for the high quality of the students, and I'm excited to help grow the number of courses that focus on international issues. Being able to help build the new Zurich Center for Economic Development seems like an extraordinary opportunity, and I very much look forward to it.

Who inspires you?

Pomeranz: In my research, there were many people in the development economics community that inspired me and got me excited about the potential impact that this research can make. My first inspiration for economics started with professors at HEID during my undergraduate studies in Geneva, who got me excited about the study of economics and encouraged us students to engage in deep debates about economic issues. From them I learned what a lasting impact good teachers and mentors can have on their students. In recent years, I met many inspiring advisors and mentors at Harvard and MIT, who encouraged us to think big and tackle important questions. I'm grateful to all those who paved the way to steer development economics and public finance in an evidence-driven, policy-oriented direction, and lead the way for the type of research we do today.

What advice would you give to today's bright young doctoral students?

Pomeranz: The PhD process can be a time where stress about one's performance and worry about the future can be especially high. Many students assume that they are the only ones struggling, when this is in fact a very common experience. One thing that can be helpful in stressful situations is to focus on two questions: "What can I learn?" and "What can I contribute?". These questions can take the focus away from worrying about making a good impression and shift it towards the issues that motivated most of us to start a PhD in the first place. If we can see research as a process of learning, rather than as another big test, it makes everything more fun and interesting. Related to that, don't hesitate to ask for advice if you are stuck. Often, students avoid speaking to others when they are struggling. However, it is often exactly at those times that talking to others is most useful.

I very much look forward to working with the PhD students in Zurich. I already met some of them during my last visit and was very impressed by their enthusiasm and curiosity. I'm looking forward to what we can build together.

Dina Pomeranz

Dina Pomeranz is currently an assistant professor of business administration in the Entrepreneurial Management Unit at the Harvard Business School, specializing in public policies towards firms and entrepreneurs in emerging markets. Her research has been published in journals such as the *American Economic Review* and the *Tax Administration Review* and has been featured in media outlets including CNN, Bloomberg News and The Wall Street Journal.

Professor Pomeranz is a faculty research fellow at the National Bureau of Economic Research (NBER), an affiliate professor at the Abdul Latif Jameel Poverty Action Lab (J-PAL), the Bureau for Research and Economic Analysis of Development (BREAD) and the Center for Economic Policy Research (CEPR) and a member of the International Growth Centre (IGC) and of the HBS Social Enterprise Initiative. Besides her academic interests, she serves on the board or advisory board of a number of social enterprise ventures committed to translating research into practice.

Research interests

Her research focuses on public policies towards firms and entrepreneurs in developing countries. In particular, she has conducted large-scale randomized field experiments about tax evasion by firms and about determinants and impacts of formal savings for low-income micro-entrepreneurs.



Beatrice Kraus, PhD recipient 2016

PhD defenses entail explaining the summary of research work to a committee of professors who discuss whether the candidate can be awarded the doctorate degree. Imagine having your four to five years of research depending on nothing but one or two hours of defending; during which a committee assesses impact and depth of what you are saying. It is indeed a tense moment. One brave soul who went through this ordeal and came out as a champion is Beatrice Kraus.

How did it feel to finally receive your PhD after four years?

Kraus: Receiving my PhD was a big milestone for me and I was very happy to see that all the hard work had finally paid off. At the same time, I felt gratitude towards everyone who had supported me during those four years.

What are your research interests?

Kraus: I am interested in a wide range of research topics in the field of macroeconomics. I enjoy working on questions that are relevant for policy making, such as analyzing the effect of fiscal policy or exchange rates on the real economy.

What was your doctoral thesis about?

Kraus: In two papers, my co-author and I analyzed the role that financial markets play in the transmission of tax changes to the real economy. Using an empirical and a theoretical approach, we showed that a tax increase leads to a contraction in financial markets. Furthermore, we argued that this additional channel might help explain the large tax multipliers found by the previous literature. In my third paper, I estimated the effect of exchange rate fluctuations on tourism in Switzerland, which has been

a highly discussed topic recently.

What were some of the challenges you had to face as a doctoral student?

Kraus: One of the biggest challenges was to learn how to manage a large long-term project under uncertainty. It is important to have a plan, but research is a creative process and you need to readjust your plan constantly. And sometimes you even need to have the courage to abandon a project entirely. This is all part of the process, and it requires a high level of self-motivation, resilience, and determination.

Overall, my PhD was an invaluable experience with many ups and downs. And while I would have of course preferred more ups than downs, it was the challenges that made me grow most – not only as a researcher, but also on a personal level.

How does the ZurichGSE compare to other schools?

Kraus: The PhD program at the ZurichGSE is among the best in Europe. Its internationally renowned faculty members lead in a wide range of fields. Furthermore, the ZurichGSE provides its PhD students with valuable resources and excellent administrative as well as financial support.

What advice would you give younger students?

Kraus: Talk to people about your research ideas as much as possible. There are so many bright minds at the department, and you will benefit immensely from their feedback. Meet your fellow PhD students for informal discussions, make an appointment with faculty members who are experts in your field, and – at a later stage

“It is important to have a plan, but research is a creative process and you need to readjust your plan constantly”.

of your PhD – talk to the guests who are visiting the department.

What are your future plans?

Kraus: I will soon start my new job as an economist at the Swiss National Bank. My position is in the financial stability division, and I will contribute to the development of financial market infrastructure policies in Switzerland and at the international level.

Are there any specific economists or researchers you look up to?

Kraus: I look up to every researcher who has the courage to think outside the box and who tries to make a difference in the world, however marginal it may be.

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Department Events 2016

Save the Date – Talk by Serge Gaillard

October 20, 2016, 6.00 p.m. at the ECON Seminar Room G-21, Schönberggasse 1, 8001 Zurich

In 2012 Serge Gaillard was appointed head of the Federal Finance Administration. He is one of Switzerland's visionary thinkers and a member of the Advisory Board of the Department of Economics. Thanks to his support the institute has become one of the leading research centers in Europe.

We kindly ask you to reserve October 20, 2016, at 6.00 p.m. for his talk.

📄 www.econ.uzh.ch



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UBS Center Save-the-dates Two Nobel Laureates present at the University of Zurich

June 2 and September 22, 2016, 6.30 p.m. at the UZH main auditorium

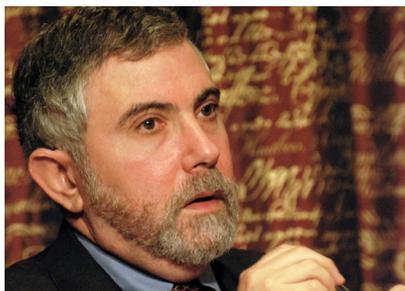
The UBS Center is honoured to feature Robert J. Shiller (Nobel Laureate in Economics 2013) and Paul Krugman (Nobel Laureate in Economics 2008) as lecturers for 2016.



Prof. Robert J. Shiller, Yale University (June 2, 2016)

“Phishing for Phools: The Economics of Manipulation and Deception”

Robert J. Shiller is a Nobel Laureate, economist, and best-selling author. He has written on economic topics that range from behavioral finance to real estate to risk management. In his latest book *Phishing for Phools: The Economics of Manipulation and Deception*, Nobel Prize-winning economists George Akerlof and Robert Shiller argue that “competitive markets by their very nature spawn deception and trickery.”



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Prof. Paul Krugman, City University of New York (September 22, 2016)

“Can Europe Be Saved?”

Krugman is known for his work on international economics, liquidity traps, and currency crisis. He has written over 20 books and has published over 200 scholarly articles. He has also contributed more than 750 columns on economic and political issues to *The New York Times*, *Fortune*, and *Slate*. As a commentator, Krugman has written on a wide range of economic issues including income distribution, taxation, and international economics.

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