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Book of Abstracts

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Social Rights and Migration Routes: A Study of Migration Strategies and Welfare Policies

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Economic instincts suggest that countries offering more generous or accessible welfare benefits are likely to be perceived as more attractive destinations by migrants. While the literature on the welfare magnet hypothesis predominantly focuses on the level of welfare generosity, what is equally important for immigrants, besides the amount of welfare spending, is their effective access to these benefits. The role of accessibility of welfare provision to immigrants remains understudied in the existing literature. Duman, Kahanec, and Kureková (2022) demonstrate that the inclusiveness of social welfare benefits for immigrants significantly influences their labour market integration. This research aims to explore the link between immigrant access to social welfare policies and migration strategies. Our analysis relies on aggregate data concerning migration flows and the Immigrant Exclusion from Social Programmes Index (IESPI) to gauge immigrants' access to social rights relative to natives. In addition to the composite index, the IESPI provides measures of immigrants' social inclusion across seven social policy areas, encompassing active labour market policies, housing, healthcare, pensions, tax benefits, social assistance, and unemployment benefits. This systematic analysis spans EU countries and other advanced economies over the period 1990-2020, shedding light on how and to what extent social programs influence global migration journeys of immigrants, including considerations of gender. As an alternative measure of migration, we use changes in migration stock to assess fluctuations in net migration, and exploring whether migrants choose to stay, move onward, or return home. Our study adds to existing literature by enhancing our comprehension of how institutions play a crucial role in influencing migration motivations and migration outcomes.

Regional Unemployment Differences in Slovakia and V4 Regions

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In this paper we analyze regional differences in unemployment and its structure in the counties of Slovakia, Czechia, Hungary and Poland using our dataset on LAU1 level (doi:10.5281/zenodo.6165135). We can observe that by various measurement methods, the inequalities are rather expanding than shrinking. The exception was Covid crisis, when unemployment grew slower in the least developed regions therefore decreasing regional differences. On the level of Slovak municipalities, we can observe further disparities even within least developed regions – urban centers have significantly lower unemployment than rural countryside.

Measuring Living Wages and Their Impact on Material Deprivation and Life Satisfaction

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In the last decade the concept of living wage has received renewed international attention. This paper contributes to the living wage discussion and introduces a method to calculate living wage globally. The proposed approach is innovative in the way that uses Cost-of-living app specifically designed to collect the prices of items necessary to calculate the cost of living. The calculated living wage represents the amount of money sufficient to cover food, accommodation, transportation, health and education expenses together with a provision for unexpected events. Finally living wage is corrected for income tax, and social contributions to be comparable to minimum wage and real wages which are gross earnings. The living wage is estimated

Nii Ashia
Wageindicator

for XX countries and rates are contrasted with the national statutory minimum wages. Living wage is normatively based and therefore offers an additional metric of economic adequacy that reflects the needs of workers and their cost of living.

Natural disasters and acceptance of intimate partner violence: The global evidence

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This paper examines the dynamic impact of natural disasters on the individual acceptance of a physical form of intimate partner violence (IPV). Based on a global sample of individual survey data and historical geo-referenced records of natural disasters at a subnational level, we show that natural disasters have long-lasting effects on IPV acceptance, increasing it in the short- (0-4 years) and medium- (10-14 years) run. Furthermore, heterogeneity analyses reveal that lower educated people are affected more relative to higher educated people, men are affected more than women, as are older cohorts relative to younger cohorts, while there are no differences between the effects of disasters on IPV attitudes of people with high and low income. Drawing on theories of IPV, we also uncover that likely mechanisms that may link disasters to the increased acceptance of IPV are psychological distress and economic insecurity fears.

Gulags, Crime, and Elite Violence: Origins and Consequences of the Russian Mafia

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This paper studies the origins and consequences of the Russian mafia (vory-v-zakone). Using a unique web scraped dataset containing detailed biographies of more than 5,000 mafia leaders, I first show that the Russian mafia originated in the Soviet Gulag archipelago, and could be found near the gulags' initial locations in mid-1990s Russia, some three decades after the camps were officially closed down. Then, using an instrumental variable approach that exploits the proximity of the Russian mafia to the gulags, I show that Russian communities with mafia presence in the mid-1990s experienced a dramatic rise in crime driven by elite violence which erupted shortly after the collapse of the Soviet Union in 1991. The violence - initially confined to the criminal underworld - eventually spilled over, leading to indiscriminate attacks against local businessmen, managers of state-owned enterprises, judges, and members of the state security apparatus. However, there was no increase in politically motivated violence, suggesting a widespread collusion between the mafia and local politicians in the early post-Soviet Russia.

Violence and Socio-economic Outcomes of Ukrainian Refugees in Poland

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We investigate the determinants of happiness, trust and self-declared health among Ukrainian refugees in Poland as well as those who remained in Ukraine, and the patterns of self-selection into becoming a refugee in Poland. We find that the refugees are less well-off both economically and in terms of general wellbeing (happiness). Having experienced violence does not seem to compel Ukrainians to become refugees, suggesting that refugees move preemptively, due to the threat of violence. Having suffered violence, however, lowers happiness, trust and health of Ukrainians in Poland and Ukraine alike.

What Drives Sectoral Differences in Currency Derivative Usage in a Small Open Economy? Evidence from Supervisory Data

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Using a sample of nearly 980,000 new derivative transactions from about 1,700 unique institutions, we explore sectoral differences in currency derivatives usage in the Czech financial sector from 2020 to 2022. We find that larger financial institutions, institutions that are part of complex financial groups, and institutions with higher foreign exposure are more likely to engage in currency derivative transactions. Contrary to other studies, we find that financially stable institutions use currency derivatives more frequently, reflecting the long-term stability of the Czech financial system. However, the significance of key characteristics varies across financial segments. Banks are less sensitive to changes in leverage, while liquidity is crucial for investment funds.

Limited Liability, Asset Price Bubbles and Credit Cycle: The Role of Monetary Policy

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This paper suggests that the dynamics of the non-fundamental component of asset prices are one of the drivers of the credit cycle. The presented model builds on the financial accelerator literature by including a stock market where investors with limited liability trade stocks of productive firms with stochastic productivities. Investors borrow funds from the banking sector and can go bankrupt. Their limited liability induces a moral hazard problem which shifts demand for risk and drives prices of risky assets above their fundamental value. Embedding the contracting problem in a New Keynesian general equilibrium framework, the model shows that expansionary monetary policy induces loose credit conditions and leads to a rise in both the fundamental and non-fundamental components of stock prices. A positive shock to the non-fundamental component triggers a credit cycle: collateral value rises, and lending and default rates decrease. These effects reverse after several quarters, inducing a credit crunch. The credit boom lasts only while stock market growth maintains sufficient momentum. However, monetary policy does not reduce the volatility of inflation and the output gap by reacting to asset prices.

Does Loan to Value Limit Influence Mortgage Rate?

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Ivana Kubicová
Czech National Bank

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This paper investigates the impact of changes in loan-to-value (LTV) limits on client interest rates for mortgage loans. When banks aim to reduce loan demand within specific LTV categories to comply with regulatory recommendations, they typically raise client interest rates for those categories, thereby decreasing their attractiveness. If a relationship exists between LTV requirements and client mortgage interest rates, then altering LTV limits can simultaneously influence monetary conditions through these rates. Our findings indicate that tightening LTV limits significantly increases client mortgage rates, thereby tightening monetary conditions beyond the effects of monetary policy and market interest rate changes alone. Quantitatively, the most pronounced effects within the affected LTV category are comparable to an increase in underlying market rates of over 25 basis points. However, since the volume of credit in these affected categories is relatively small, the overall macroeconomic impact is substantially limited.

Trade with Chinese Characteristics – Economics Versus Politics

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Over the past twenty years China has become the world's largest trading nation and a significant trading partner for most countries globally. Despite important economic links, concerns regarding China's commercial and diplomatic goals persist on the back of the nation's state-centric economic structure that differs from other leading economies. The paper uses an augmented gravity model to get clarity on what drives China's bilateral trade relationships, i.e., why some countries are more important than others as sources of Chinese imports. The results show that in addition to business reasons, political considerations drive China's import decisions. The paper shows that political "friendliness" with China has a positive impact on exports to China, as measured by UN General Assembly voting records or established trade agreements. The results also suggest that having official diplomatic ties with Taiwan are punished by China via lesser imports. Meanwhile, a member-ship in China's Belt and Road Initiative does not translate to a significant increase in Chinese imports from the member country.

Risk from Prosperity: Eurodollar Market and Emerging Markets

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The Eurodollar market is out of US monetary targets, but favorite financing item of emerging markets. Global economic prosperity raise the demand for Eurodollar loans but Fed's dollar supply is not linked to the Eurodollar market. This generate an increasing risk in the emerging markets in proportion with their demand for Eurodollar financing. This can have an unwanted backslash on both emerging markets risk premium. After an extensive explanation of the risk mechanism, the paper analyze the linkage between US interest rates as a proxy of business cycle and the CDS premia of emerging countries between 2008 and 2024 on daily bases with VECM regression. The results confirms that, in global prosperity indicated by lower US interest rate, the emerging countries with bigger exposure in external debt suffer bigger rise in their CDS premium as their risk indicator. Because of their higher cost of these countries can benefit less from growth trajectory of global business cycle and increase their risk of default.

FX stability around the Eurozone – unconventional parity and network-fragmentation

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Using a panel vector error correction (VECM) model, we assess foreign exchange rate changes around the Eurozone but within the European Union Member States (MSs). Literature defines closeness centrality as an indicator which highlights the relative importance of an asset within a network, estimated by a monthly minimum spanning tree graph. We show that currency stability are driven not only by the monetary policy but also by inflation and closeness indicator which signs network-fragmentation shocks. We also find evidence that the balance sheet structure difference better describes the monetary policy shocks than the uncovered interest parity (UIP) only. Such balance sheet shocks had a stabilizing impact while UIP had a limited effect. Thus, this paper makes a new contribution to the debate of central bank instruments' indirect impact on exchange rate stability, through underlighting the importance of network-biases.

Echoes of the Past: The Enduring Impact of Communism on Contemporary Freedom of Speech Values

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This paper studies the long-term consequences of communism on present-day freedom of expression values in two settings – East Germany and the states linked to the sphere of influence of the former USSR. Exploiting the natural experiment of German separation and later reunification, we show that living under communism has had lasting effects on free speech opinions. While free speech salience has increased for East and West Germans vis-a-vis other government goals, the convergence process has been slow. East Germans are still less likely to consider freedom of speech a key government priority compared to West Germans. Additionally, our analyses of secret police surveillance data from East Germany point to the fact that geography-based measures of community experiences of past political repression do not explain our findings. The same conclusion holds when we look at the setting of the former Soviet Union and we correlate proximity to Stalin's former labor camps in the Soviet Union with present-day freedom of speech values. At the same time, family experiences with political repression in Eastern Europe/the former Soviet Union exert a discernible influence on current values towards freedom of speech, likely due to a lasting impact stemming from such personal encounters. As such, our paper adds a nuanced contribution to the economics of free speech, suggesting that freedom of speech may be a part of informal institutions and slow-changing cultural values.

Adam Smith's Message in Works of Gregor Berzeviczy (1763-1822)

Tomáš Krištofóry

Adam Smith had a follower from the Slovakian part of Hungary in his day. We display how Smith's message was diffused through the British-ruled University of Göttingen to scholars from all over the continent. Gregor Berzeviczy was one of them, of practical sorts. In this regard, he was close to the Smithian generation of German liberal reformers from the Napoleon era: W. von Humbold, F. von Stein, and F. von Hardenberg. Unlike them, unfortunately, Berzeviczy had no opportunity to implement reforms in the backward economy of Hungary.

The Birth of the International Economic Association

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The International Economic Association (IEA), established in 1950, holds a unique position in the landscape of economics. As the only truly global association encompassing East and West, North and South, the IEA has served as a vital platform for bridging the geographical and ideological divides that had fractured the world, reestablishing international dialogue within the discipline of economics. Nevertheless, historians of economics have not examined the IEA's role and impact. My research project aims to illuminate the IEA's remarkable journey through its first comprehensive history and this particular paper investigates the intellectual roots and connections of the IEA's founding men and women, tracing their different trajectories before, during, and after WWII, their variegated motivations for a transnational project, and the challenges in establishing the IEA.

From enlightenment to cameralism: Tax morale and fiscal capacity as imperial legacy

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We hypothesize and empirically show that welfare-improving historical reforms have a lasting impact on tax morale and compliance. We substantiate our argument by examining the effect of historical Habsburg imperial rule on the current propensity to avoid taxation in contemporary northern Italy. Our study employs several behavioral measures of tax avoidance – at the individual and the municipal level. We use spatial regression discontinuity designs to demonstrate that tax avoidance is lower among respondents from the formerly Habsburg side of the long-gone imperial border. Investigating the channels that drive tax compliance, we provide evidence that beliefs about tax enforcement are no different, but proxies for tax morale differ significantly along the historical border discontinuity. We propose theoretical mechanisms for the historical persistence, which we empirically examine. Our study demonstrates that historically fostered tax morale has a long-run impact on tax compliance, fiscal capacity, and the quality of public goods.

Fast car to boom and bust: Transportation technology and its causal effects on rural economic development

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New technologies have always been reshuffling economic activity—but little is known how an abrupt access to a break-through transportation technology affects regional economic development. In this paper, we use the abolition of the automobile ban in 1925 in the Swiss canton of Grisons to estimate the causal effect of a new transportation technology on subsequent rural economic development and structural economic change. Until 1925, automobiles were totally banned from Grisons' streets. This ended unexpectedly in 1925 after a popular vote. We use the universe of self-compiled commercial registers from 1890 to 1940 in an event-study setup by comparing firm registrations in Grisons with neighboring regions without any car ban. We find that the access to automobiles affects regional economic trajectories unequally in both the time and spatial dimension. Firm registration spiked mainly in remote places during the first two years after the ban. This initial boom is mainly pronounced in the lodging and retail sectors but is not sustainable—around 60% of newly registered firms were closed within a couple of years. This boom and bust episodes in remote places are likely driven by an over-optimistic perception about tourist flows with the new technology., while places with a pre-existing infrastructure benefited from the new technology in the long-run. Our findings thus show how new transportation technologies affect the rural economic activity causing periods of boom and bust. We may also contribute to the current debate on mobility cost and how it affects urban and rural places differently.

Economic and Institutional Effects of Populism

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We contribute to the broad field of research on consequences of populism and to specific research on the countries under consideration by quantitatively analyzing and comparing five cases: Hungary, the Czech Republic and Poland are considered as main Central European populist-led countries, Slovakia & Austria are included as examples of populist-influenced governments. For empirically estimating the impact of populist government takeovers on key economic and institutional variables the synthetic control method and difference in-difference analysis are used. The results show that scores for

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indicators related to quality, reactiveness and anti-corruption efforts of governments predominantly declined. Those observations stand in stark contrast to converse core promises made by all the considered populist parties. For the economic variables, results are mixed, with negative trend regarding GDP p.c. and productivity in Hungary, moderately positive developments in Poland and scant significant observations in the Czech Republic. However, we can see significant worsening of the institutional quality in all analyzed countries. The consideration of Austria and Slovakia as well as an earlier, populist-involving, Czech coalition government illustrates key differences between the impact of populist-led and populist-influenced governments.

Identifying climate risk levels of Slovak municipalities

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Climate change presents a major social, economic and political challenge for the Slovak Republic. The majority of municipal administrations are unaware of the potential climate risks they face today and in the coming years. Identifying risks posed by climate change and its inevitable impacts is an essential part of developing adaptation policies. While national adaptation policies have historically been formulated in an ad hoc manner, an evidence-based approach that relies on data is increasingly informing policy decisions. This paper provides an overview of the country's adaptation policy context and presents a methodology – and the results of its application – for measuring climate change risks with respect to heat, drought and extreme precipitation. The results aim to inform future budget allocation decisions for climate change adaptation.

Networks in Space – Deforestation Spillovers in a Hierarchical Model

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Spillover effects between regions are prevalent of deforestation and across many other issues. However, data on the network structures behind them is elusive, and empirical analyses rely on proxies and strong assumptions. In this paper, I develop a hierarchical approach to jointly model spillovers and the latent networks behind them, and use it to investigate deforestation in the Brazilian Amazon. I find that spillovers from priority municipalities occur far beyond immediate neighbors, offsetting positive local impacts of the intervention. This result lends suggests that leakage is a real concern, and has been underestimated with conventional, less flexible models. My approach relies on less restrictive assumptions, and recovers more accurate and detailed insights into the nature of spillovers. It is widely applicable, and can readily be adapted to various regional networks.

Money Talks, Green Walks: Does financial inclusion promote green sustainability in Africa?

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This study explores the dynamic relationship between financial inclusion and green sustainability across 38 African countries. We constructed an environmental pollution index and a financial inclusion index covering the period 2000-2021 to account for the several dimensions within both indicators and employed them in the System GMM approach. We also tested for intra-regional heterogeneity in Africa. Our empirical results show that financial inclusion, while economically beneficial, poses a significant risk of environmental degradation and has a distinctive inverted U-shaped relationship. A direct link between increases in financial inclusion and pollution alters at a turning point, beyond which further increments in financial inclusion enhance green sustainability. The same pattern is observed for aggregate output. The results hold even when we control for a score of macro-level determinants. Our findings indicate the existence of an intra-regional heterogeneity in that Southern and Western African states exhibit a more significant negative impact on environmental pollution than Eastern Africa. These results remain robust for alternative proxies of green sustainability. We offer valuable insights for policymakers to promote sustainability through inclusive financial practices and policies in Sub-Saharan Africa.

National fractures: Withdrawal of public services and electoral dynamics

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University of Lille

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We analyze the impact of the availability of public services, such as schools, post offices and police departments, on voting behaviour in a broad sample of French municipalities covering the presidential elections over the period 2002-2022. The previous literature argues that such left-behind places with poor provision of public services tend to display higher support for far-right and populist parties (Rodríguez-Pose, 2018; Rodríguez-Pose et al., 2023). Using an extensive database cataloguing the availability of public and private services at the local level, we show that the availability of such services is indeed inversely correlated with the support for far-right and populist parties in the French presidential elections. This research suggests that scaling down the provision of public services can have significant political consequences.

Growing in the Desert: A Comparative Analysis of Firms Located in EU Border Regions

Martin Hulényi
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Borders constitute a barrier that limits the development of the areas around them. In his location theory, Losch(1944) goes as far as comparing these regions to deserts, where only smaller firms that suffice with reaching a smaller market potential settle. Although the Common Market in the EU along with the Schengen Area reduce market barriers that limit the development of border regions, these areas still face barriers, arising from physical geography and institutional differences between the two countries that the border separates. In this paper, I aim to use firm-level data to analyze whether the border effect penalizes the firms settled in border regions of the EU.

The Long-Term Impact of Energy Poverty and Its Mitigation on Educational Attainment: Evidence From China

Yervand Martirosyan
CERGE-EI

Existing studies demonstrate the short-run connection between environmental conditions and academic performance. However, the long-term effects of exposure to adverse living conditions on academic achievement remain underexplored. This study uses individual-level survey data to investigate the long-term impact of energy poverty, and policy interventions aimed at alleviating it, on the academic performance of Chinese schoolchildren starting from infancy. It specifically utilizes the Huai River Policy, which provides free winter heating exclusively to northern regions in China but not to adjacent southern regions. My findings suggest a significant positive influence of winter heating on schoolchildren's academic performance, with a more pronounced effect on children born during winter months. The insights gained from this research could inform policy debates to enhance educational outcomes and human well-being.

Gender Differences in Slovak Math Olympiad Participation

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WU Vienna

Martin Guzi
Masaryk University

I study how non-monetary awards (diplomas) impact future participation in competitions by using administrative data on participants in district Mathematical Olympiads in Slovakia. To identify the impact of diplomas, I use a regression discontinuity design in which competitors who achieve a certain score receive a diploma. I find that receiving a diploma increases the likelihood of participation in the following grade by 3 p.p. (10% with respect to the baseline). Furthermore, by exploiting results' transparency and idiosyncratic variation in cohort composition within districts, I study how the value of the diploma for the marginal recipient is affected by social comparison. I find that the diploma effect is weaker when the fraction of recipients in the district is larger. Moreover, I find that the diploma effect is weaker when surrounded by higher proportions of high-performing peers but not affected when exposed to higher proportions of low-performing peers in the district. These results suggest that the value of non-monetary awards is shaped by status concerns and learning channels.

Parallel Sessions II. Stream E: Empirical Banking

Monetary Policy Has Long-Lasting Impact on Credit: Evidence from 91 VAR Studies

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We synthesized 3,175 semi-elasticity estimates (454 impulse responses) of credit to changes in the monetary policy rate from 91 vector autoregression studies. We found that monetary policy tightening consistently yields a negative and long-lasting response in both credit volume and credit growth. Several factors contribute to notable heterogeneity of effect sizes in this literature. First, publication selectivity significantly exaggerates the mean reported estimate because insignificant results are underreported. Second, researchers' choice of estimation design has a significant impact on the estimated response. Studies using Bayesian methods and including house prices report a smaller decline in credit, while studies with sign restrictions show a more pronounced drop compared to those using recursive identification.

The Role of Exchange Rate in the Monetary Transmission: The Case of the Euro Area

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Martin Melecky
World Bank Group

David Vondracek
Masaryk University

Contractionary monetary policy tends to appreciate the exchange rate, which might amplify the macroeconomic effects of monetary policy. We use a structural vector autoregressive (SVAR) model to study the role of the exchange rate in the transmission of monetary policy in the Euro Area. We distinguish between pure monetary policy shocks and central bank information shocks. We find that contractionary monetary policy appreciates the euro exchange rate, reduces real output and consumer prices. Using a counterfactual analysis, we construct a counterfactual where the exchange rate does not respond to monetary policy, and we contrast this counterfactual with our baseline findings. In the absence of exchange rate appreciation, the transmission of monetary policy shocks to consumer prices is weaker, highlighting the role of the exchange rate channel in the transmission of monetary policy. Furthermore, we find some evidence that the exchange rate also limits monetary transmission to real output. However, the exchange rate does not exert any effect on the transmission of central bank information shocks.

Calendar effects in ECB monetary transmission

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Eeva Kerola
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We investigate the existence of calendar effects in the transmission of monetary policy in the euro area by studying how changes in the monetary policy rate transmit to bank lending rates. Using monthly data on the interest rate of new loans for a large sample of euro area banks over the period from January 2010 to April 2024 we find that the pass-through of ECB rate hikes to corporate and housing lending rates is less effective in the fourth quarter of the year. On the other hand, we obtain limited evidence that ECB rate cuts are more effective in the fourth quarter of the year for corporate loans and for housing loans. We interpret these findings as the result of trade loading behavior of banks, meaning that banks would inflate loans granted at the end of the year to meet their annual targets. Our work highlights the importance of considering the time of the year when assessing the transmission of monetary policy in the euro area.

Parallel Sessions III. Stream A: International Economics and Regional Development

Political instability and fiscal policy outcomes in the EU

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The paper analyzes the detrimental effect of political instability on fiscal policy outcomes in the EU countries. We point our attention to EU countries because of the lack of research on political instability and its politico-economic impact in developed countries, while developed countries are subject to politically uncertain environments, too. To catch the multi-dimensionality of political instability, we construct a unique indicator of political instability using the principal component analysis. We research the sample of 27 EU countries from 2000 to 2022 using standard panel data techniques. We focus on the detrimental effect of political instability on public spending, public debt, and tax revenues. Our results indicate that the statistical significance of the determinant political instability was confirmed only in the model where the dependent variable is public debt. Statistical significance for the variable of political instability was not comfirmed concerning other fiscal categories.

Economic Aspects of Regional Disparities by Cross-Border Border Project Development

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This article focuses on the analysis of cross-border project areas located in the border regions around Bratislava mapping economic disparities of Slovakia. It analyses their regional development possibilities provided by specific INTERREG project in the frame of the European Regional Development Fund. Special attention is devoted to economic project indicators, programme-specific indicators, demographic processes and phenomena related to these facts pandemic caused. Besides generally acceptable statistical data representing quantitative research other data collected via field research and interviews in communities provides insight into cross-border project expectation survey. It focuses on economic effects of cross-border projects, analysing best practices and its impact on the inhabitants of the eligible programme-area of INTERREG regions in Slovakia. Added value of the selected topic can be the result of measuring gaps in economic, social, environmental and demographic development in the cross-border regions from EU project perspective.

20 Years On: Unlocking Economic Success in the EU Single Market.

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National Bank of Slovakia

Juraj Zeman
National Bank of Slovakia

Commemorating the 20th anniversary of the EU enlargement, we investigate the structural factors that enabled successful EU-15 economies to leverage the Single Market's freedoms, particularly the free movement of goods and services. We measure the exploitation of the Single Market by the increase in value-added from additional exports relative to GDP in the five years following the 2004 enlargement. Utilizing diverse economic structure measures as explanatory variables in a pseudo-panel setting, we also examine the current performance of CEE countries on these variables. Our findings highlight Slovakia's strong performance in capital utilization and high-tech product exports but note a lack of successful capitalization through R&D and innovation investments. We demonstrate that the role of innovation and education in maintaining competitiveness is critical, emphasizing the need for ongoing structural reforms to sustain growth and leverage future market opportunities.

Forecasting Agricultural Commodity Futures using ML Methods

Tilla Izsak
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Stock price prediction is a challenging field, and this complexity is further increased when forecasting commodity futures. Many studies are employing machine learning techniques and using various datasets. However, there is a gap in the integration of market, weather, and remote sensing data utilized in future forecasting. In response to these challenges, we introduce a methodology for constructing predictive models for agricultural commodity futures such as corn, wheat, soybeans, soybeans, and soybean oil. Our models are trained on diverse features, such as historical price data, historical weather data, and remote sensing data related to crop conditions and soil quality. The Seasonal Autoregressive Integrated Moving Average (SARIMA) model was used as a benchmark model, and the features mentioned above were trained using the Long Short-Term Memory Neural Networks model and the Least Squares Boosting Ensemble method for predicting the prices of essential agricultural commodities over medium and long periods. The research includes comparing the multivariate models using integrated datasets with the benchmark model and the simplified ML models. The findings indicate that the combination of interdisciplinary variables can significantly enhance the accuracy of agricultural commodity futures price forecasting.

Transparency rule and stock market reaction: An analysis of country-by-country reporting in developing countries

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Charles University

Country-by-country reporting aims to curb tax avoidance by Multinational Corporations and increase transparency in the tax system. This paper provides the first evidence of the effect of CbCR in developing countries, mainly focusing on the market response of the African stock market to the country-by-country reporting regulation. Using the event study methodology, the results indicate a negative significant market response for firms subject to CbCR requirements. Tax-aggressive firms show a pronounced significant negative response around the event date, suggesting that investors anticipate increased tax liabilities due to heightened scrutiny of their tax planning practices, ultimately reducing future profits. Cross-listed firms exhibit a stronger significant market response in foreign markets than in domestic markets, highlighting differing investor reactions. This underscores the variation in how foreign and domestic investors process similar information across different markets. Additionally, firms with compliance issues show a significant market response. This paper provides an understanding of how regulatory transparency influences firms with different characteristics in developing markets.

Abnormal Returns of Network Parameters in Blockchain: Event Analysis of Global Financial Downturns

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The paper examines how historical economic and geopolitical events influence the structure of the Blockchain network through a directed network analysis of 980 mil. transactions. We construct a unique transaction-level dataset covering all Bitcoin transactions for the Cyprus Banking Crisis (2013), the Crimean Annexation (2014), and the Chinese stock market turbulence of 2015-2016. The findings suggest that events with a financial impact on individuals have led to heightened Bitcoin network activity and increased adoption of the cryptocurrency. The network parameters already change in the pre-event periods, observing the 20 days before the event, suggesting a certain degree of anticipation effect.

Parallel Sessions III. Stream C: Macroeconomics I

Inflation expectations and business cycles position

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Tatiana Keseliová
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This work investigates properties of propensity to consume durable goods alongside the expected inflation. Use survey data mapping recent inflation surge in the Czech Republic. It replicates several results from Marencak (2023) study and offers novel country comparison. We are able to confirm the state dependency of propensity to consume in relation to expected inflation. However, we are not able to identify significant effects of uncertainty measure as in Bracha and Tang (2022) on consumption.

Understanding Inflation Expectations: Data, Drivers and Policy Implications

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Czech National Bank

Karel Musil
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Radek Šnobl
Czech National Bank

Jan Šolc
Czech National Bank

Stanislav Tvrz
Czech National Bank

Jan Záček
Czech National Bank

We investigate inflation expectations and their measures in the context of the 2022 inflation surge in the Czech Republic. Using data and econometric analyses, we explore how inflation expectations are formed and how they may affect inflation developments. To capture the overall trend of inflation expectations in the Czech economy, we develop a Common Inflation Expectations index. Additionally, we extend the CNB's core projection model, g3+, by incorporating endogenous expectation premiums that reflect elevated inflation expectations. Utilizing the Common Inflation Expectations index and the modified model, we construct a simulation that provides policy-relevant outcomes when addressing high inflation. By presenting the simulation, we emphasize the importance and relevance of our research for practical policy-making.

Inflation expectations and the stock-bond nexus in the US

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This paper examines the impact of inflation expectations on the correlation and tail-dependence between stock and Treasury and corporate bond markets in the US using vine copula models. The main results show a shift from flights-to-quality taking hold before the Covid-19 outbreak, to contagions afterwards. After conditioning on the levels of inflation expectations, the average dynamic tail-dependence between stock and 10- and 30-year Treasury bonds becomes positive in the post-Covid era. High inflation expectations stimulate the average tail-dependence between stocks and mid-term corporate bonds since the Covid-19 outbreak, and between stock and Treasury bonds from early 2020 to the beginning of the conflict between Russia and Ukraine.

Behind the curve? The application of the Taylor rule to post-pandemic inflation dynamics

Maria Siranova
Slovak Academy of Sciences

Gabor David Kiss

Over the recent years, both researchers and policymakers have started to discuss the issue of the central bank being 'behind the curve'. That is a situation, when the central bank does not respond quickly or sufficiently enough to the changing economic environment and as a result, its overall monetary policy stance becomes

University of Szeged

either too restrictive or too expansionary. This is all the more important during the periods of sudden inflation surges, such as the last post-pandemic inflation in 2022. We empirically model the monetary policy stance as the difference between the actual monetary policy stance and the optimal monetary policy stance, as predicted by a Taylor-like interest rate rule. Such a measure of overall monetary policy stance may be used as an identifier of central bank being 'behind the curve'. We construct long-T-small-N panel model with monthly data for 9 European inflation targeters, euro area included.

Parallel Sessions III. Stream D: Econometrics and Data Analysis

AIC for many-regressor heteroskedastic regressions

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CERGE-EI

The original and corrected Akaike information criteria (AIC) have been routinely used for model selection for ages. The penalty terms in these criteria are tied to the classical normal linear regression, characterized by conditional homoskedasticity and a small number of regressors relative to the sample size. We derive, from the same principles, a general version that takes account of conditional heteroskedasticity and regressor numerosity. The new AICm penalty takes a form of a ratio of certain weighted average error variances, and can be operationalized via unbiased estimation of individual variances. The feasible AICm criterion still minimizes the expected Kullback-Leibler divergence up to an asymptotically negligible term that does not relate to regressor numerosity. In simulations, the feasible AICm does select models that deliver systematically better out-of-sample predictions than the classical criteria.

Many Instruments Estimation and Inference under Clustered Dependence

Maksim Smirnov
CERGE-EI

Stanislav Anatolyev
CERGE-EI

The literature on many weak instruments in a heteroskedastic environment under data independence is largely developed. When data dependence, in particular clustering, is present, it poses difficulties in making correct and convenient inferences. We show that clustering either deems the jackknife instrumental variables estimation inconsistent, or makes its inferences hugely distorted. We suggest, instead of following the "save the Jackknife" approach, an alternative approach, which is computationally attractive and allows general structures of intra-cluster correlations. We use the natural extension of jackknifing, the leave-cluster-out methodology, applied to the instrument projection matrix, which allows one to dispose of the cross-cluster dependencies in the influence function of the structural parameter estimator. We set out a formal asymptotic framework to analyze the proposed cluster-jackknife instrumental variables (CJIV) estimator, with an increasing number of clusters, possibly increasing heterogeneous cluster sizes, and possible presence of many weak instruments. We prove a central limit theorem for the influence function embedded in the CJIV estimator, and show consistency of the associated CJIV variance estimator. We study the importance of instrument design on the properties of CJIV, run a simulation study revealing its finite sample properties, and compare with other estimators in relevant empirical contexts.

Model Averaging with a Diverging Number of Covariates

Stanislav Anatolyev
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Yaroslav Korobka
CERGE-EI

It is well known that model averaging techniques help to reduce variability of the estimates and could lead to a good compromise in model selection when it is not a priori known which model is superior. In this paper, we consider a model averaging setup while allowing the number of parameters to diverge in the limit. Specifically,

we develop a valid asymptotic theory of averaging estimator under the assumption of the ratio of number of covariates being non-negligible to the sample size in the limit, which is the assumption conventionally used in the random matrix theory. Our "many-covariates" asymptotic theory, valid both in homo- and heteroskedastic case, is motivated by the usage of nowadays popular large datasets that could potentially invalidate limiting results built under the standard asymptotics. We develop our estimator under the adjusted-to-many-covariates local-to-zero assumption that creates a classical bias-variance trade-off in each of candidate models. Due to the data-dependent weights, the resulting estimator has a non-normal limiting distribution that makes inference based on the t-test infeasible. However, we show that a properly recentered and normalized statistic with a robust-to-many-covariates variance estimator has a standard normal distribution that makes it possible to conduct correct inference based on the confidence intervals.

Testing identification in mediation & dynamic treatment models

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University of Fribourg

Kevin Kloiber
University of Munich

Lukas Laffers
Matej Bel University

We propose a test for the identification of causal effects in mediation and dynamic treatment models that is based on two sets of observed variables, namely covariates to be controlled for and suspected instruments, building on the test by Huber and Kueck (2022) for single treatment models. We consider models with a sequential assignment of a treatment and a mediator to assess the direct treatment effect (net of the mediator), the indirect treatment effect (via the mediator), or the joint effect of both treatment and mediator. We establish testable conditions for identifying such effects in observational data. These conditions jointly imply (1) the exogeneity of the treatment and the mediator conditional on covariates and (2) the validity of distinct instruments for the treatment and the mediator, meaning that the instruments do not directly affect the outcome (other than through the treatment or mediator) and are unconfounded given the covariates. Our framework extends to post-treatment sample selection or attrition problems when replacing the mediator by a selection indicator for observing the outcome, enabling joint testing of the selectivity of treatment and attrition. We propose a machine learning-based test to control for covariates in a data-driven manner and analyze its finite sample performance in a simulation study. Additionally, we apply our method to Slovak labor market data and find that our testable implications are not rejected for a sequence of training programs typically considered in dynamic treatment evaluations.

Pink revolution of fare-free public transport on women's socio-economic welfare- A critical assessment of Delhi's pink pass policy

Dev Mani Sharma
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In October 2019, Delhi implemented a public transport policy introducing women's fare-free commute in public buses. Delhi is the world's first state to reform a gender-specific public bus policy. The reform was termed the Pink Pass policy, associating pink colour bus tickets with the stereotypical feminine colour. The state aimed to, firstly, enhance women's socio-economic welfare and, secondly, ensure safer transportation. My research questions the pink-pass policy's efficacy on the state's aim. Using descriptive and normative approaches, I examine multiple state-level reports and explore the Delhi Women Survey (DWS, 2023). I scrutinize policy formulation and its challenges to evaluate the reform's impact. My findings suggest a positive association between the use of pink passes and socio-economic welfare. This study shows women improved post-reform monthly household savings, contributing to their higher learning outcomes with financial and patriarchal independence. Evidence further reveals that younger and unemployed groups use fare-free transport more frequently regard-

less of household income. This is the first article to discuss women's exclusive fare-free public transport and contribute to the existing literature on subsidized transport.

Warfare-Welfare Trade-off in High-Income OECD Member Countries

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The analysis of the relationships between defense expenditures and social expenditures has been one of the important areas of economic research for several decades. This process has recently been further increased by geopolitical uncertainties and the increase in military spending. Nevertheless, the international literature represents significant heterogeneity in the analyses of the relationships between the two factors. Three main approaches can be delineated: direct approach, crowding-out effect and indirect approach. The purpose of this paper is to analyze the impact of changes in defense spending on individual economic factors and social spending through the channels identified in the indirect and crowding effect approaches among the theoretical approaches. In the empirical analysis, the highly developed countries of the OECD were examined between 1998 and 2022 using a panel Vector Error Correction (VEC) model. The empirical results cannot justify the trade-off relationship between defense spending and welfare spending.

Sensitivity of the income poverty headcount ratio to equivalence scale parameters: Cross-country evidence from Europe

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Tracking the progress of poverty alleviation can be challenging: for one set of parameters, the data can suggest poverty has decreased, while another sees an increase. We propose a practical measure of the sensitivity of an income poverty indicator to OECD-type equivalence scales and derive a method to assess the robustness of income poverty rate comparisons to the parameters of the scales in two points in time (or space). We demonstrate our methods on microdata from 31 European countries included in the EU-SILC, employing the income poverty headcount ratio, also referred to as the 'at-risk-of-poverty rate' in Eurostat terminology. Our study finds that a 0.01-point change in the weight of adults is associated with a 0.14% to 0.85% change in the income poverty headcount rate. Sensitivity to the weight of children is somewhat lower, between 0.06% and 0.44%. We further show that income poverty rate comparisons between the most distant years available in EU-SILC data (mostly 2005 and 2021) are highly robust in the majority of countries. We also find that sensitivity to weights is higher in countries with lower at-risk-of-poverty rates and vice-versa. This paper contributes to the ongoing debate on assessments of the sensitivity of poverty measures. High sensitivity of income poverty indicators to equivalence scales and/or low robustness of comparisons of poverty indicators over time and space can challenge evaluations of anti-poverty policies.

Registering to donate

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Charitable organizations solicit donations either directly or indirectly, by first asking people to join their donor registry and later soliciting donations only from those who joined. While research has extensively studied the direct approach, little attention has focused on the multi-stage registry approach. Behavioral theories suggest potential tension in how to invite donors to join the registry - some approaches may be relatively more likely to increase the likelihood of joining but reduce the propensity

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to donate later and/or the donation amounts, while other approaches might have the reverse effect. We revisit four behavioral theories, namely overhead aversion, status quo bias, reciprocity, and costly commitment and experimentally test how they affect decisions to join the registry and subsequent donations. We find that (1) informing donors of registry related overhead costs leads to lower donations, (2) status quo (i.e., being initially enrolled or not enrolled in the registry by default) does not play any role and (3) targeting reciprocity by offering a small gift conditional on joining the registry leads to higher enrollment rate but does not increase the donations and it is especially ineffective in comparison with the opposite approach of targeting costly commitment by requesting a small gift from the potential donor upfront.

Motivational Effects of Feeling Trusted

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We investigate how workers' motivation is influenced by whether they feel trusted by managers. In a laboratory experiment, responsibility for a manager's earnings is divided unequally between two workers. We vary whether this decision is made by the manager or a random device on the manager's behalf. Importantly, having more/less responsibility does not affect workers' wages. Despite this, we find workers provide less effort when they are intentionally, vs. randomly, assigned lower responsibility. We find no positive effect of being trusted. We examine potential mechanisms and show that effort reactions can be organized by a model of intention-based reciprocity.

The Power of Play: Gamification as a Tool to Combat Vaccine Misinformation and Hesitancy

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The COVID-19 pandemic highlighted the urgent need to devise effective countermeasures to address vaccine hesitancy. Countries remain inadequately prepared to confront health crises due to a lack of understanding of potential policy measures. The public health response was further complicated by a so-called "infodemic" – the rapid dissemination of misinformation - leading the WHO to call for stronger misinformation defences. In response, this study assessed the impact of misinformation detection training on vaccine-related attitudes and behaviour. We conducted a randomised controlled trial (RCT) with a cohort of 1,178 UK participants with a focus on minority demographics. As part of an online game, participants were tasked with evaluating the veracity of social media posts on a fictitious platform called "SightShare", where the treatment group received gamified misinformation detection training. Vaccination confidence and misinformation detection abilities were measured using pre- and post-intervention questionnaires and game scores. The treatment group showed a 0.3 standard deviation (SD) increase in uptake of a hypothetical new vaccine, enhanced likelihood of verifying information in the future (SD=0.27), and increased confidence in misinformation detection (SD=0.21). A decline in trust in social media (SD=-0.19) suggests the effectiveness of this intervention in fostering media critique. These effects remained significant when controlling for other variables, including socioeconomic, climate change beliefs, trusted information sources, and social preferences. Furthermore, the average treatment effect on the uptake of a new vaccine is significantly higher for individuals with lower COVID-19 vaccine confidence (SD=0.4), who also show greater verification willingness (SD=0.3) and decreased social media trust (SD=-0.26). Conversely, COVID-19 vaccine-confident individuals were more likely to get vaccinated regardless of social media influence and exhibited significant improvements in detecting misinformation and verification practices. This suggests the treatment's efficacy varied with participants' initial vaccine confidence levels.

Parallel Sessions IV. Stream B: Financial Markets

Easing of Borrower-Based Measures: Evidence from Czech Loan-Level Data

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We analyze how a large scale easing of borrower-based measures affect residential mortgage credit and borrower characteristics. We exploit a case of easing of the LTV limit and a complete abolishment of DTI and DSTI limits in the Czech Republic in early-2020. Our empirical evidence suggests that affected households increased their borrowing and purchased more expensive houses while being able to decrease the collateral value. We also document a significant increase in borrowers' debt (service) but this was soften by a concurrent growth of borrowers' income. While exploring the heterogeneity in the transmission of the regulatory easing, we find that: (i) LTV-constrained borrowers showed signs of cash-retention behaviour while DTI and DSTI constrained borrowers acted in line with financial accelerator motive; (ii) relaxing of the LTV limit had larger effect in poorer counties while the abolishment of DTI and DSTI limits affected borrowers located in richer regions; (iii) younger borrowers were more affected by easing of LTV and DTI limits, while easing of the DSTI limit affected older borrowers; (iv) relaxing the LTV limit affected mostly first-time borrowers while abolishing the DTI and DSTI limits affected mostly second-time borrowers who obtained higher mortgage and purchased more expensive property.

Investment Strategies and Fundamental Screening

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This paper emphasizes the importance of fundamental screening in forming an investment portfolio. The main goal of this paper is to evaluate the efficacy of a chosen active equity investment management strategy over a historical timeline encompassing various financial market development phases, including periods of growth and crisis. We assess performance by comparing the portfolio, risk, and risk-adjusted returns with selected benchmarks. Our research focuses on the Growth at a Reasonable Price (GARP) investment strategy applied to the S&P 500 index's stock universe. The outcomes of the strategy under test are compared with a chosen benchmark. Our findings show that fundamental screening and the GARP investment strategy can surpass passive investment forms and factor indexes focusing on value or growth stocks in terms of cumulative and annualized returns. We demonstrated that the chosen screening criteria, which define a mix of value and growth style, formed concentrated portfolios that outperformed the S&P 500 index about 70% of the time. Our GARP portfolio and the ETF GARP strategy, which represents a blend of Value and growth style, realized a higher average annual return than the S&P 500 index. Given that the monitored period of 19 years included various economic cycle phases, the results suggest that the GARP strategy can potentially exceed the average returns of a more broadly defined market.

Capital Structure and Risk Distribution in European Business Groups

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Our study examines how the ultimate owner distributes leverage across business groups. Specifically, we investigate how a subsidiary's leverage is influenced by its importance (position) within the group and the complexity of the group. Despite practical and theoretical implications, these aspects have not received much attention in previous literature. Our findings reveal that leverage tends to decrease with increased distance from the ultimate owner and with increased firm's importance to the group (measured by the number of its subsidiaries). Moreover, we find that international business group members have lower leverage at every group level, suggesting

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that benefits of leverage might be substituted by, e.g., transfer pricing. Overall, subsidiary position and group complexity are essential drivers of optimal capital structure decisions.

Favouritism through Local Governments among Manufacturing Firms in Hungary

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The literature of political economy argue the existence of favouritism connected to public ex-penditures. The phenomenon can be the public tenders and procurement announced for firms. The micro-funded corporate database got extended with political indicator related to the loca-tion of the firms, thus, the assumption on favouritism can be traced. The study is based on the multi-year financial reports of almost eight thousand Hungarian manufacturing firms and the results of political elections relate to local governments. The methodology is a regression anal-ysis applying the probit model. The results are robust in the sense that, albeit minimally, the political orientation of the given settlement has a positive influence on access to subsidies. The data shows the effect of the election cycle, i.e. easier access to subsidies before the elections, and then the opposite. These basic relationships remain valid even if the models are expanded with variables describing additional company characteristics. There is also a rural preference over the capital city.

Factors Affecting Firms' Satisfaction with Soft Skills and their Perceived Relevance in the Era of AI Surge.

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Anna Vallušová
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Adoption of artificial intelligence in firms can bring significant economic benefits as well as potential problems. The use of AI could significantly affect the necessity of different types of skills. The paper examines the link between the firms' satisfaction as well as the perceived relevance of selected soft skills (managerial, customer-handling, and problem-solving skills) and the usage of AI. The focus is on the identification of factors potentially affecting firms' satisfaction with infirm soft skills and the perceived relevance of these skills for the adoption of new technology. The research is based on microdata gathered from seven EU nations as part of the Advanced Technologies for Industry project. We compared the data across all countries and used ordered probit regression to estimate the effect of the selected dependent variable, with a particular focus on the application of AI in the firm. We found a strong positive correlation between the usage of AI and satisfaction with the infirm availability of all three types of soft skills. On the contrary, firms that are just planning to use AI next year are significantly more satisfied with managerial skills. Firms that have adopted AI also consider soft skills to be more relevant for the introduction of other new technologies. We identified other factors affecting their satisfaction and perceived relevance of soft skills, such as firms' size, upskilling frequency, and investment in technology.

The impact of work team diversity on work teams' performance: A global study

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The research evaluates the impact of various diversity dimensions and characteristics of work teams with focus on gender on their performance. Stepwise regression is utilized to investigate the impact of work team diversity dimensions and charac-

Agriculture in Nitra

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teristics on firm performance. The sample consist of 960 sales work teams within international corporation located in 39 countries around the globe. Significant impact on team performance is confirmed in a case of work team diversity with respect to nationality. Furthermore, first language of team members, team size and time spent by team manager on managerial role.

In-Demand Skills: A Shield Against Automation - Evidence from Online Job Vacancies

Tomas Oles

This paper first examines the relationship between in-demand skill groups (cognitive, socioemotional, and manual) possessed by individuals and the skill premium or penalty offered in the online labor market. Second, it examines how specific in-demand skill groups affect exposure to automation technologies across occupations. Using data from Slovakia's largest online job board in 2022, we find that social, personality, people, and project management skills exhibit a skill premium, as do software-specific skills, technical support skills, and artificial intelligence (AI) and machine learning skills. Among these, AI and machine learning skills exhibit the highest skill premium, indicating their scarcity in the online labor market. Conversely, hand-foot-eye coordination, writing, customer service, physical, and general computer skills show no skill premium or even a skill penalty. The conceptual categories of skills alone could explain 25

Revealing Private Information in a Patent Race

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We investigate the role of private information in a patent race. Since firms often do their research in secrecy, the standard assumption in the patent race literature that firms know each other's position in the race is questionable. We analyze how the dynamics of the game changes when a firm's progress is its private information. Further, we address the question whether revealing its private information might be to the firm's advantage, even though it does not have any direct payoff consequences. We find that the firm has an incentive to reveal its breakthrough only if its rival has not done so, and only if R&D is inefficient.

Impact of Robots and Artificial Intelligence on Wages and Skill Demand: Evidence from the UK

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Over the past four decades, automation technologies have replaced routine tasks performed by medium-skilled workers, and contributed to increased labor market po-

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larization. With the advent of artificial intelligence, this dynamic may have shifted, extending task substitution to non-routine tasks performed by high-skilled workers. Some scholars expect that automation in the age of artificial intelligence will accelerate and deepen labor market polarization, while others hypothesize that this technology may reduce it. This paper addresses these questions and provides new empirical evidence. Using textual analysis and descriptions of technology found in patent texts, we construct novel occupational exposures to robot and artificial intelligence technologies. These occupational exposures are then used to analyze changes in wages, hours, and skill demand over the last decade in the United Kingdom. Our results reveal several key insights into the relationship between occupational exposures to robot and artificial intelligence technologies and labor market outcomes. First, we find that the middle part of the income distribution is primarily exposed to robot technology, while exposure to artificial intelligence increases monotonically across income percentiles. Second, we find that exposure to robots is strongest among high school dropouts and declines monotonically with education, while artificial intelligence automation has a limited impact on the same workers, with a pronounced exposure among college graduates. Third, we found consistent evidence that occupations more exposed to automation by robot technology experienced positive within-industry growth in working hours and wages, while exposure to AI technology had the opposite effect. Finally, our results suggest that exposure to robots and AI also has different effects on skill demand, with AI reducing it and robots increasing it, consistent with the broader literature.

Microsimulation model TATRASK: Challenges to define Slovak population and its structure using the administrative data

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TATRASK is a new microsimulation tax-benefit tool currently being developed at the Office of the Council for Budget Responsibility. The model employs administrative datasets collected by the government administrations that contain most of the required information to set up a reliable model simulating personal income tax, social and health insurance contributions and social transfers. The current version of the model represents the year 2021 and 2022, for which we have available a complete set of required administrative datasets. Although still work in progress, preliminary simulation results indicate an improved fit of simulations compared to using survey data. While constructing the model we had to address the issues of defining correctly the relevant population for simulating tax-benefit system of Slovakia as well as to identify household and family units to be used in the model. In our contribution to the conference, we would like to focus on these selected issues of model development. Defining the relevant population and setting up households and family units in the model are, along with correct information on various sources of income, the crucial issues to construct a reliable tax-benefit model of Slovakia. We use Census 2021 data to validate the relevant population and its structure in our model.

Migration and Regional Adjustment to Asymmetric Shocks in Turkey

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Çigdem Börke Tunali
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Turkey has experienced an unprecedented international migration inflow since the beginning of Syrian Civil War in 2011. While the international migrant stock was 1.373.749 in 2010 it increased to 6.052.652 in 2020. As a result of this, the percentage of international migrants in the total population increased from 1.9 in 2010 to 7.2 in 2020 in Turkey (United Nations, 2020). In the economics literature, whether migration plays a significant role as an adjustment mechanism in the face of economic shocks

has been intensively debated since the beginning of 1960s. Although there are many empirical studies investigating this issue, there is still no consensus on the efficacy of migration in the adjustment process of labour markets in response to asymmetric shocks. In addition to this, the majority of the existing studies focus on either the US or the EU countries. Unlike the previous analyses, we investigate if the migration has a significant role in the adjustment mechanism of labour markets in Turkey. To the best of our knowledge, this is the first study that assess the role of migration as an adjustment mechanism to the asymmetric shocks in the Turkish labour market. This study therefore fills a significant gap in the existing literature by providing new evidence with regard to Turkish economy, a country which has the biggest international migrant stock among the middle-income countries after the Russian Federation according to the 2020 figures (United Nations, 2020). The results of this research can, moreover, shed light on the role that international migrants play by facilitating labour-market adjustment in emerging economies in general, beyond Turkey. In our empirical analysis, we examine whether foreign migration inflow respond to variations in local growth and unemployment rates at Nuts-2 and provincial levels. In addition to this, we analyse the behaviour of Turkish migrants in response to changes in growth and unemployment rates and compare the reaction of foreign and Turkish migrants. Our results suggest that while foreign migration inflows respond to changing economic conditions Turkish migration inflows respond neither the economic growth rate nor unemployment rate both at the Nuts-2 regions and provinces. The main contribution of our research to the theoretical and policy analysis is to provide evidence with regard to the role of migration in the adjustment process of Turkish labour markets in the face of asymmetric shocks and hence, to help policy makers while designing appropriate adjustment policies in Turkey.

Economic Dependency and Ageing in the Slovak Republic

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EUSAV

Tomas Domonkos
EUSAV

Miroslava Janosova
FSEV UK

Using the national transfer accounts from the year 2015, we examine the impact of aging on the transfer system in Slovakia. We apply different indicators of economic dependence for the young and older part of the population that is dependent on private as well as public transfers. We examine various alternative scenarios of demographic development according to the latest EUROPOP 2023 forecast. We analyse what measures may have the potential to mitigate the impact of ageing, i.e. increasing retirement age, increasing tax collection. The projections cover the period from 2015 to 2060.

A dynamic environmental efficiency model with abatement activities

Alexander Schnabl
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The original Data Envelopment Analysis (DEA) models assess transformation (production) processes from multiple input factors to multiple (desired) output factors within the same period. Quite soon, DEA was evolving in numerous directions. One direction was to consider undesired output factors ("bads") like pollutants in DEA models; rich literature about theory and applications of these environmental DEA exists. Another direction was from the original one period static DEA to multiple periods DEA. This occurred on one side in the form of the comparative static DEA models and on the other side in the form of the dynamic DEA models. Dynamics in this context means that the decisions made in one period will affect the production systems of the future and the control of these changes. For example, a decision to partially use inputs from the current period for investments into production facilities can change the production possibilities (more volume or more efficient production or

change of produced goods) of the following periods, but it will also reduce the resources available for production activities in the current period. Another avenue of further development was the multiple levels network DEA models. The two worlds of environmental and dynamic DEA are combined in this into a dynamic environmental DEA model based on the dynamic model by Nemoto, Goto (1999, 2003), with a special variant with environmental expenses as a specific input factor. Secondly, abatement activities are incorporated into the preceding model through its transformation into a two-level network dynamic environmental DEA model. The dynamic eco-efficiencies of different nations are examined in the context of their efforts to make their economies more climate friendly.

Mergers Remedies in Benchmarking-Based Regulation

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This paper contributes to the literature on mergers and benchmarking based regulation. Benchmarking based revenue cap schemes can give strong incentives to reduce costs. This happens in particular when there is a large set of low cost peers. Mergers may also lead to cost savings by exploiting knowledge sharing as well as economies of scale and scope. However, mergers will also reduce the set of peers and hereby the competitive pressure created by the benchmarking model. The regulator must therefore trade-off the gains from individual mergers against the reduction of the competitive pressure. We analyze this trade-off between merger gains and competitive pressure. We show how regulator's toolkit to evaulate mergers may affect this trade-off. We consider the three types of remedies that can be used for evaulating mergers. Namely, naive, separated and aggressive. We demonstrate our results using data from the Danish electricity distribution sector. We highlight that the variations between different approaches arise from the level of information incorporated into the regulatory process and the regulatory pressure exerted on the merged entity. Allowing technology to span post-merger, leveraging insights into the newly formed firm, leads to a reduction in post-merger cost increases. However, considering that the direct impact resulting from the merger is relatively minor compared to the broader effect on all firms indirectly affected by the merger, achieving cost reductions for the industry through mergers becomes challenging once indirect effects are factored in.

Extending a macroeconomic policy framework for emerging economies: The case of South Africa

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We start with motivating the somewhat heterodox structure of this paper on a macroeconomic policy framework for South Africa, which is based on cherry-picking from the more or less complete history of economic thought in combination with the empirical evidence about the strength and weaknesses of the South African economy. Deviating from the mainstream, we include also trend growth into the list of variables concerning a macroeconomic policy environment. The main reason being that trend growth is not exogenous, but important feedback effects from cyclical volatility need to be taken into account (Stiglitz et al, 2006). We then present the – what we think – relevant stylized facts about outcomes and constraints of the South African economy and derive a macroeconomic policy framework for South Africa by listing the policies which promise a higher growth trajectory and improving wellbeing through reduced inequality while respecting environmental constraints and making a contribution to the fight against climate change. Short glimpses on the history of (macro) economic thought are moved to the Annex in order to improve readability.

Influential periods in macroeconomic data.

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Influential periods in macroeconomic data, such as the Global Financial Crisis and the COVID-19 pandemic, can significantly distort the outcomes of macroeconomic models. These periods often introduce anomalies and heightened volatility, challenging the robustness and reliability of standard modeling techniques. While having few observations that drive estimates limits the interpretability and transparency of results, simply ignoring the problematic data may distort insights. This paper evaluates two modifications of the standard BVAR model that are supposed to make estimation more robust to crises. The first modification changes the error structure from normally to t-distributed errors, while the second modification extends the Minnesota prior to include artificial dummy observations on top of the data. The performance of these models is investigated in the context of real-world data. Although the modifications partially stabilize estimates, the results remain driven by influential periods. More attention toward influential periods is warranted and increased transparency is needed.

Is a high degree of business cycle synchronization self-defeating for economic recovery?

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One of the defining characteristics of the global economy over the last three decades or longer has been the growing synchronization of business cycles in the world economy. While there exists well-founded literature on the determinants of business cycle synchronization, the consequences of higher business cycle synchronization on the speed of economic recovery after a recession remain unexplored. This study examines the effect of higher business cycle synchronization on the speed of economic recovery after a recession. Using a panel of 63 economies and the local projections approach, we find that countries with low level of business cycle synchronization experience a faster economic recovery after a global risk shock than countries with high business cycle synchronization. We also find that high business cycle synchronization reduces the speed of economic recovery only in advanced economies.

Emotional Interactions in Earnings Conference Calls

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This paper analyzes the information content of emotional interactions in earnings conference calls. Utilizing a sample of more than 600,000 question-and-answer pairs from these calls, we observe emotional contagion in managerial interactions. Specifically, we find that analysts' negative vocal emotions tend to elicit similar emotional responses from managers. Notably, female managers are more susceptible to analysts' negative emotions, whereas CEOs and senior managers exhibit a degree of emotional resilience. Furthermore, managers' positive vocal responses to analysts' negative inquiries are associated with stronger market reactions to earnings news, suggesting that vocal cues from managerial interactions are informative to capital markets. Our findings provide implications for enhancing the effectiveness and informativeness of managerial communication.

In the Shadows of Over-Indebtedness: Unveiling the Light of Financial Literacy

Denys Orlov

This paper investigates the relationship between financial literacy, self-confidence and household over-indebtedness. Using new microdata from the 2021 wave of the

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Slovak Household Finance and Consumption Survey and employing a two-stage model, we show that: i) financial literacy is positively correlated with the probability of holding debt, ii) conditional on participation, financial literacy significantly reduces household over-indebtedness (measured by the Debt service-to-income ratio, DSTI). Unconditional quantile regressions further reveal that this reduction occurs exclusively in the upper part (top 2 deciles) of the DSTI distribution. The results are robust to various estimation techniques, and even to addressing the potential endogeneity issue of measured financial literacy. Our study contributes to the literature examining the positive impacts of financial literacy on households' prudential debt behaviour. Our results deliver several implications for financial supervision and financial stability.

Knocking on Heaven's Door: An Experiment on the Participation of Rich Households in a Wealth Survey

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The systematic under-representation of wealthy households in surveys is a long-standing and pervasive problem. The reason for lower response rates among wealthier groups is the time-consuming nature of the survey with little personal benefit (Groves and Couper, 2012). In addition, wealthier households often have greater privacy concerns and are more likely to avoid providing personal information (Tourangeau et al., 2000). In the case of economic and financial surveys, this under-representation can have an impact on survey results, affecting the accuracy and reliability of survey data, as well as inaccurate representations of economic inequalities, with implications for the limited understanding of socio-economic issues such as wealth inequality (Little and Rubin, 2002). For example, when wealthy households are under-sampled, estimates of average income, wealth distribution and economic inequality are less accurate and often underestimate the true extent of wealth concentration (Saez and Zucman, 2016). Studies also suggest that survey methods often fail to adequately capture the complexity and variability of wealth among the richest households, contributing to their exclusion (Vermeulen, 2018). As a result, researchers use complex approaches, such as oversampling high-income groups or using administrative data, to mitigate this bias and ensure more representative results. Additionally, various ex-post reweighting and simulation methods have been implemented to correct for the under-representation of rich households in surveys, with the aim of improving the accuracy and representativeness of the data (e.g., Korinek et al.2007; Vermeulen, 2018; Waltl and Chakraborty, 2022). In this paper, we focus on the ex-ante approach and conduct a randomized control trial (RCT) testing the effect of monetary and non-monetary incentives on the participation of households in the 2023 wave of the Household Finance and Consumption Survey (HFCS). Based on the 2021 Population and Housing Census, which is the base for the HFCS sampling, we ex-ante identified 600 wealthy households based on several characteristics (type of dwelling, size of dwelling, and age of dwelling as well as characteristics of reference persons such as age and occupation). Those households were randomly assigned to the control and treatment groups. The intervention was related to the incentives for participation. Households in both groups received an invitation letter to participate in the HFCS. Households in the treatment group were motivated to participate by the reward of a silver collector coin in proof quality. This information was included in the invitation letter to participants assigned to the treatment group. Our initial results show that this simple intervention increased the participation of wealthy households by more than 11 percentage points (see Figure 1). In the next step of the analysis, we will focus on the effect of response quality in the treated and control group.

State-dependent inflation expectations and consumption choices

Michal Marencak
National Bank of Slovakia

This paper demonstrates that the strength of the relationship between inflation expectations and consumption depends on the dynamics of inflation. During the recent surge in inflation, expectations of high or rising inflation boosted consumption, whereas merely anticipating positive inflation had no significant impact. In periods of disinflation, no positive effects on consumption were observed. During deflation, the expectation of any positive inflation spurred consumption. These findings highlight how perceptions of inflation vary over time and influence consumer behavior.

Impact of COVID-19 on households' sentiment and expectations: Evidence from US

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Household sentiment and expectations are an important determinant of household consumption, savings and investment. Although the importance of sentiment is undeniable, there is disagreement among academics and practitioners on its definition. It is therefore most commonly defined based on the definition by Baker, Wurgler (2007) who defined sentiment as "beliefs about future cash flows and investment risks that are not supported by available facts..." in terms of being quite broad and also offering a degree of flexibility for further research. In the present paper, we use two indicators, namely the Index of Consumer Sentiment (ICS) and the Index of Consumer Expectations (ICE), which are compiled by the University of Michigan for the US on a monthly basis, to express household sentiment and expectations. The COVID-19 pandemic and the associated crisis have significantly affected the evolution of household sentiment and expectations, bringing negative and pessimistic expectations to households. The aim of the presented paper is to empirically estimate the impact of the COVID-19 pandemic on the evolution of households' sentiment and expectations about the future, which in turn influenced the financial decision-making of these households. By the nature of the research, the time period under study is bounded by the duration of the COVID-19 pandemic (January 1, 2020 - December 31, 2022) and focuses on the sentiment and expectations of U.S. households. Based on empirical analysis, we show that household sentiment and expectations are most positively correlated with Economic support, level of stringency and Government support. Conversely, they are negatively correlated with the number of new cases and the number of new deaths, but these indicators are not statistically significant. The results demonstrated are therefore beneficial for economic policy makers and justify the need to mitigate the impact of the pandemic on households through government and economic support, in order to subsequently increase future economic growth through an increase in aggregate demand. This paper was prepared in the framework of the Young Scientists Project No. I-24-108-00 entitled "The Role of Sentiment in Household Financial Decision Making during the COVID-19 Pandemic in the Slovak Republic".

Is the Phillips curve concept still useful for Slovakia? Empirical evidence says yes.

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In this paper, we address the issue of receding impact of domestic demand factors on inflation in Slovakia, commonly known as the Phillips curve flattening, and we demonstrate its relevance for policy analysis. Specifically, the flattening of the Phillips curve should be seen as a feature, not a bug, because factors other than domestic demand (such as global and supply-side effects) play a significant role, while

inflation remains well-anchored at the long-run level. The Phillips curve model, incorporating measures of domestic slack and global variables (including oil prices, non-oil commodity prices, global slack, REER, and PPI dispersion), reveals that the main determinants of the inflation process are global and supply-side factors. Additionally, this global model can explain the structural implications of recent economic shocks (such as the COVID-19 pandemic and the inflation shock of 2021-2022) and help address structural issues in forecasting inflation (notably during 2014-2016 and 2021-2023).

Parallel Sessions V. Stream E: Public Policy and Taxation

Enhancing the Capital gains tax on property compliance

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Efficient tax collection is essential for public institutions, but often relies on self-reporting, which can open space for evasion. Merged data of changes in property ownerships from the Cadastre Portal of the Slovak Republic and the database of the Tax Administration of the Slovak Republic (TASR) of taxpayers revealed many resold properties in the last five years for which Tax was not paid. We aimed to improve tax compliance by sending inaugural reminder letters to the potential evaders, which had a significant effect on tax compliance and brought TASR in the first year an additional 2.5 million Eur. We tested various text versions of the reminder letter, each appealing to a certain personal motivation. The traditional reminders additionally improved neither the rate of response nor collected tax. However, messages warning the respondents that all their income taxes can be audited increased the declared taxes. And on the contrary, a graphical tool added to half of each orthogonally selected letters made respondents declare the tax less often and declare a lower amount of tax. We also conducted a survey experiment (N=2,180) to understand the potential mechanisms behind the deterrence of leaflets. We ruled out information overload and complexity as salient factors and our findings underscore a notable decline in respondents' perceptions of the TASR competency and trustworthiness, concomitant with diminished anticipation of tax audits, as pivotal determinants. Having a price of the property mentioned in the letter, however, would make the tax obligation perceived more seriously and have even more subjects feeling obliged to pay with no further delay.

Global Minimum Tax and Profit Shifting

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We address the question of how the global minimum tax introduced in 2024 changes incentives for multinationals to shift profits. We study it using 34 thousand multinational- country observations from tax returns, financial statements and country-by-country reports of all multinationals active in Slovakia. We find that the global minimum tax leads to lower incentives to shift profits for most multinationals, which are on average likely to pay higher effective tax rates in most countries worldwide after the reform. Moreover, we develop a methodology to decompose the tax revenue impact of the global minimum tax into several components and quantify the role of profit shifting. We find that Slovak corporate tax revenues will increase by 4%, with half of the increase due to its minimum top-up taxes. The other half of the increase is corporate income tax on profits that will no longer be shifted out of it. Profit shifting will decrease by half.

The Elasticity of Taxable Income Across Countries

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We use administrative tax data from 17 different developed and developing countries to calculate the within-country corporate elasticity of taxable income (ETI) and investigate differences between these estimates. We develop a new empirical method that exploits the differential tax treatment of business income for firms earning positive and negative taxable income in a bunching framework. Our ETI estimates range between 1.9, for Canada, and 0.04, for Uruguay, but these differences are much smaller than the range found in the literature (0 to 5). This suggests that some of the previously estimated differences may be due to differences in methods rather than fundamentals. We use our estimates and a large set of predictors to provide out-of-sample ETI estimates for 212 countries and decompose the deviations from average estimated and predicted ETIs into three sources of variation: tax system, firm characteristics and country fundamentals. We find that firm characteristics explain 54% of these deviations from average ETIs with tax system and country fundamentals explaining the remainder.

Revisiting Deindustrialisation: Insights from a Global Database of Manufacturing Employment Shares

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In this paper, we present a comprehensive database covering 126 countries from 1950 to 2022 with the aim of revisiting [?]'s deindustrialisation model. Recent data suggest that the overall pace of deindustrialisation has slowed since the mid-2010s, particularly in advanced economies and parts of Latin America. Our analysis, using a global manufacturing employment database, shows that the onset and trajectory of deindustrialisation varies across regions, with mixed trends in Asia and Africa. Factors contributing to this slowdown include reshoring, backshoring and nearshoring trends, suggesting a potential shift towards regionalised production networks and a reassessment of global value chains following the pandemic and geopolitical disruptions. These developments suggest a nuanced pattern of reindustrialisation and regional integration amid broader economic transitions.

Evaluating Macroprudential Policy Efficacy: Heterogeneous Mortgage Impacts in Advised and Non-Advised Loans

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This study investigates the differential effects of macroprudential policy tightening in Slovakia on mortgage loans, with a specific focus on loans facilitated by financial advisors. We utilize a comprehensive loan-level register database encompassing the full range of retail mortgage loans issued by Slovak banks. Advised loans are characterized by larger volumes in nominal terms and relative to income or collateral, while maintaining a comparable monthly repayment burden through longer maturities. The implementation of borrower-based measures presents a complex impact. The less restrictive DSTI and maturity limits implemented in 2017 uncovered unused capacity in the mortgage market, and were not able to fully stop the shift in preferences towards higher repayment burdens and maturities. On the contrary, the more restrictive DSTI limit of 60% introduced in 2020 led to an overall decrease, not only in DSTI, but also in DTI and partially in LTV and volumes. We observe front-loading immediately after the announcement of the LTV and DTI tightening in 2018, even amplified by advisors. While these limits exert a dampening effect on the upper tail of the distribution, they simultaneously bolster the lower part of the distribution, nudging it closer to the regulatory limits. This study underscores the importance of transcending aggregate data analyses in policy evaluations and advocates for a data-driven approach to the precise design, adjustment, and rigorous assessment of macroprudential policies.

Currency overvaluation and populism in Latin America

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A new wave of populist leadership characterizes the world nowadays; Latin America, in particular, has for long had tradition in this regard and is currently not the exception. It has been, as well, a region critically characterized by currency crises underpinned by sustained internal dis- equilibria. Using a panel dataset of several macro aggregates and institutional indicators for 16 major Latin American economies spanning the years 1960-2019, we find a significant positive correlation between currency overvaluation and public spending, and evidence that such connection is mediated by

populist rule.

Event-Driven Changes in Return Connectedness among Cryptocurrencies

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Charles University

Our study presents an in-depth analysis of the interconnectedness in returns among five major cryptocurrencies over a span from 2018 to 2023. Our work introduces novel findings via employing a novel bootstrap-after-bootstrap method of Greenwood-Nimmo et al. (2024) to establish a link between increases in connectedness and various systematic events. For ten endogenously selected events, we found a clear rise in connectedness within a month following the event. Further, we identify Bitcoin and Ethereum as net return transmitters, mainly to Binance coin and Ripple. Moreover, we found that these transmissions increased by up to 20% for up to one month after the shocks occurred. The implications of this study are significant for devising strategies in portfolio management and risk hedging, offering valuable guidance for policy formulation in the financial sector.

Survey of potential users of the Central Bank Digital Currency: New evidence from Slovakia

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While the purpose of the Central Bank Digital Currency, especially the digital euro and its attributes have become fairly clear, the evidence on potential users' awareness and preferences remains rather scarce. This paper presents the results of a novel survey on the digital euro awareness and its potential usage in Slovakia. The results suggest that around 34% of adults in Slovakia have already heard/read about the digital euro. Around 26% of population hypothetically plans to use this new digital currency. Propensity of usage strongly correlates with political preferences, trust in institutions such as central bank, as well as preferences for cash payments, in addition to standard socio-economic factors. The results also show that privacy and transaction security are among the top concerns of potential digital currency users.

Coordination in altruistic markets with imperfect substitutes

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Charitable gifts and voluntary activities often deliver enormous value in areas where neither the government, nor the commercial sector is sufficiently active. However, altruistic markets often develop severe inefficiencies due to miscoordination of volunteers. In this paper, we focus on two coordination failures which result in wasted volunteering labor and resources, and/or losses in recipient welfare, namely (1) oversupply of a single altruistic good and (2) ineffective allocation of volunteers across multiple altruistic goods. We conduct a laboratory experiment, in which participants in groups of four are independently deciding whether to provide a costly help to a charity or not. The baseline condition involves a single (high-priority) altruistic good with a restricted demand. While all those how decide to help incur a cost, only one unit of help generates a benefit for the recipient. In other conditions, we add a second (low-priority) altruistic good with unrestricted demand but lower recipient benefit. All conditions involve a within-subject treatment manipulation – we introduce a coordination device which informs those who decided to provide a high-priority good of whether the demand for this good was already met or not. We find that the coordination device significantly improves the efficiency of the altruistic market in all conditions. Specifically, in the baseline condition, the device decreases the supply of high-priority good (and thus eliminates its oversupply), while in the other conditions, the device increases the supply of high-priority good (and thus eliminates its undersupply) by effectively reallocating volunteers across the two goods.

Interim Deadline for Procrastinators

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People are partially time inconsistent and many have difficulties committing to a detailed schedule for a project. I study optimal interim deadlines and how they affect the behavior and resulting welfare of the present-biased agent. I consider a model in which there are three types of agent in terms of how the agent understands her present bias: naive, sophisticated, and partially-sophisticated. For each type, there is a unique design for an exogenous interim deadline that maximizes the agent's welfare. However, only the sophisticated agent would self-impose an optimal interim deadline, while the naive agent would not apply a self-imposed deadline at all. The partially-sophisticated agent sets a nonoptimal self-imposed deadline and can even decrease her own welfare by imposing it. The main result is that the partially-sophisticated agent who is relatively less present-biased would decrease her own welfare by using a self-imposed deadline, and the partially-sophisticated agent who is relatively more present-biased would increase her welfare given the same degree of sophistication.

Strategic uncertainty attitudes in games

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Strategic uncertainty is the uncertainty that players face with respect to the purposeful behavior of other players in an interactive decision situation. Strategic uncertainty is fundamental to many economic problems such as coordination failures, investment decisions, or teamwork. The literature measures strategic uncertainty by varying the source of uncertainty. The procedure is based on the elicitation of certainty equivalents for games where the uncertainty comes from the purposeful decision of the other player and lotteries with exogenously given probabilities or unknown probabilities. Such comparison involves not only uncertainty generated by human purposeful action but also human interaction as such. There is ample evidence that people treat acts by humans differently compared to acts caused by nature. The question arises whether strategic uncertainty attitudes are driven by ambiguity aversion generated

by an unknown counterpart's behavior or by mere interaction with a human counterpart. The paper develops a method how to manipulate strategic uncertainty in human strategic interactions while keeping the equilibrium beliefs and strategies constant. We conduct an experiment that measures strategic uncertainty, and we identify strategic uncertainty aversion in human interactions. Our manipulation does not change the equilibrium strategies or probabilities assigned to the particular action of the other player. Instead of expected probabilities, our experiment manipulates the expected volatility of probabilities. We elicit not only participants' actions, but also ask them to choose the game with different levels of strategic uncertainty and different equilibrium payoffs in a sequence of binary choices. The choices revealed a preference for games with lower levels of strategic uncertainty.

Emotions and choice

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Charitable giving is mostly driven by donations from private individuals motivated to donate for various reasons. One of these reasons is the satisfaction of an individual emotional utility. Emotions drive human decision-making and play a significant role in decision-making. Many factors influence the motivation to donate and affect the overall psychological utility from giving. There is a lack of analysis of theimpact of the possinility to choose on emotional satisfaction of the subject with his actions. We aim to experimentally examine how the possibility of choosing the number of beneficiaries of a donation affects the emotional utility of the individual. The laboratory experiment results showed that the choice of the number of recipients does not significantly affect the emotional satisfaction of the donors overall. However, women and men perceive the act of giving differently. The results highlight those negative emotions are decreasing once the subject donates to charity, and at the same time, positive emotions rise. Women are facing dropp in positive emotions from donation and their negative emotions connected with charitable decision-making increase, compared to men.

Unmasking An Unseen Influence: Trading by Unsophisticated Retail Investors and Its Capital Market Effects

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Using a natural experiment based on technical improvements to Google Trends data, we are able to more clearly identify the attention of less sophisticated retail investors. We find that unsophisticated trading has a significant negative effect on a firm's implied cost of capital. These firms also suffer from reduced future performance and the value relevance of real options is also adversely affected. We discover that while investor attention increases a stock's liquidity, the attention of unsophisticated investors decreases liquidity, which is the likely driver behind our results. These adverse effects are more pronounced for smaller firms with lower institutional ownership.

Bank loan application behavior in European SMEs

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This study investigates the bank loan application behavior of small and medium-sized enterprises in the Eurozone, utilizing recent data from the Survey on the Access

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to Finance of Enterprises (SAFE). The data covers the period from April 2014 to September 2022, yielding a unique survey dataset of 202,232 observations. Our approach combines expected utility modeling with relative importance analysis (using Shapley values) and empirical validation through multinomial and standard logit models. Our findings highlight two main outcomes: the prevalence of behavioral factors in non-applying firms, aligning with the rational inattention hypothesis, and the tendency of small enterprises in negative environments to be discouraged, potentially leading to constrained credit uptake and delayed economic development. Additionally, we identify the 'stickiness' of loan application behavior, influenced by past experiences and financing needs. Based on these insights, we propose policy implications for central banks and policymakers, emphasizing the need for supportive lending environments, strategies to address the persistency in application behavior, and initiatives to counteract behavioral biases.

Moderating Effects of Corporate Social Responsibility on Credit Risk: Evidence from Peer-to-Peer Lending

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We investigate the moderating effects of Corporate Social Responsibility on credit risk activities demonstrating the impact on peer-to-peer lending projects. We use a comprehensive dataset covering over 850,000 projects across 55 countries from 2005 to 2018 and show that CSR activities moderate the negative effect of credit risk on peer-to-peer lending project success in general. Country-level differences emphasize the impact of institutional quality, peer-to-peer platform regulation, and overall economic development.

Product market conditions and the decision to acquire private versus public targets

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We investigate how product market conditions influence acquirers' target choice and how acquisition outcomes vary depending on whether the target firm is public or private. We show that higher (lower) competitive pressures in the product market are associated with higher likelihood of acquiring public (private) targets. Public target acquisitions are associated with more predictable outcomes, i.e., an increase in market shares and cost efficiency, and a decrease in capital expenditures and property, plant, and equipment. When companies encounter intense competitive pressures, they tend to favor acquiring public targets, as these transactions lead to more certain outcomes due to the lower risk associated with public targets. In contrast, acquirers of private targets tend to increase their risky investments and innovation. Looser product markets allow the firms to focus on longer-term goals and pursue deals that are more risky and deliver outcomes further in the future.

Maternity leave and transitions to employment - evidence from Poland

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Maternity leave is the policy introduced to alleviate the transition to motherhood for working women. One of its features is employment protection. On the other hand, long-term leave can reduce the chances of returning to work. Therefore any leave extension needs careful evaluation. On the other hand, the evaluation depends on the classification of women on maternity or unpaid leave as employed or nonworking.

Thus it is policy-relevant to establish the patterns of mothers returning to work. In the absence of longitudinal or retrospective data which would allow for an event study, I propose a flow approach. I define maternity leave as a fourth state and based on Polish LFS data I estimate flows in and out of maternity leave over time around the maternity leave reform introduced in 2013 which doubled the maternity leave duration in Poland. To correct for rotating panel and attrition measurement issues, IPF raking is used to reweight the matched data. I discuss the role of vectors used for reweighting. I estimate the probability of returning to work and the probability of choosing unpaid leave.

Policy Evaluation of a Pregnancy Benefit: Effects on Births and Abortions

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I evaluate the effects of a brand-new type of family policy – a pregnancy benefit – on women's fertility behavior. The pregnancy benefit was introduced in Slovakia in 2021. It is paid to working women and students during two trimesters of their pregnancy. I examine the effects of the benefit on births and abortions, using high-quality, population-wide, administrative microdata and combining difference in differences approach with regression discontinuity design. In the short term, abortions seem to have dropped by at least 12%. Births have increased by roughly 4% but only in a very short run – during the first 3 months. The ongoing second wave of the COVID-19 pandemic seems to have negated any positive birth effects beyond 3 months. To my knowledge, this is the first evaluation of a novel, targeted prenatal cash transfer on fertility, as opposed to evaluations of traditional postnatal policies.