



政策研究大学院大学

NATIONAL GRADUATE INSTITUTE
FOR POLICY STUDIES

PUBLIC ECONOMICS SEMINAR

April 2018 – March 2019

Activities Report

This report is divided into 2 parts.

- Part A reports on all 7 public economic seminars during academic year 2018/19.
- Part B reports on the overall evaluation of the public economic seminar.

Part A. Event Reports

1. The Darker Side of Private Ownership: Tax Manipulation in Vietnamese Privatized Firms

- Speaker: Anh Tran (Indiana University)
- Date: June 08, 2018 (Fri)
- Time: 16:40 – 18:10
- Venue: GRIPS 5th Floor, Room 5L
- Total number of attendants: 16 (Students: 12, GRIPS faculty: 3)
GRIPS faculty: Tetsushi Sonobe, Stephan Litschig, Akifumi Ishihara.
- Organizer: Stephan Litschig



- Content:
If private ownership provides an incentive for corporate performance, it may also encourage firms to get around laws in order to increase profit. Exploiting a mass privatization program in Vietnam, this paper employs a firm fixed-effect model to show that private ownership increases tax manipulation. Our analysis suggests that privatized firms over-report cost of materials, which reduces both income and value-added taxes. Firms over-report this cost by colluding with their suppliers, who can fake invoices by using unused retail invoices. We refer to this misbehavior as the hidden hand of private ownership, indicating an incentive to gain profit at a social expense, partly offsetting the invisible hand of the free market.

2. State Capacity, State Accountability and Poverty

- Speaker: Rohini Pande (Harvard Kennedy School)
- Date: June 20, 2018 (Wed)
- Time: 16:40 – 18:10
- Venue: JICA Ichigaya, “Large Meeting Room”
- Total number of attendants: 50 (Students: 36, GRIPS faculty: 4, Guests: 10)
Guests: Mari Tanaka, Yukichi Mano (Hitotsubashi), Yuki Higuchi (Nagoya), and more
GRIPS faculty: Yoko Kijima, Dainn Wie, Chika Yamauchi, Stephan Litschig
- Organizers: Yoko Kijima, Stephan Litschig and Dainn Wie
- Content:
The share of the global population living in extreme poverty has dropped 34 percentage points since 1981. But rising inequality and a reduction in job growth may stymie future reductions in poverty: today, the majority of the world’s poor live in highly unequal middle-income countries. I argue that ending extreme poverty requires ensuring that the

poor have access to “invisible infrastructure”, which I define as the set of institutional structures that provide economic opportunity to all—and that an effective domestic state remains central to the creation of these structures. This talk explores how building such an effective state will require both improving implementation of components of the invisible infrastructure and giving the poor the democratic influence to demand the reforms they need, by solving agency problems between citizens, politicians, and bureaucrats.

3. Estimating the Dynamic Effects of a Job Training Program with Multiple Alternatives

- Speaker: Kai Liu (University of Cambridge)
- Date: August 1, 2018 (Wed)
- Time: 16:40 – 18:10
- Venue: GRIPS 5th Floor, Room 5J
- Total number of attendees: 10 (Students: 7, GRIPS faculty: 2)
GRIPS faculty: Akifumi Ishihara, Ponpoje Porapakkarm
- Organizer: Akifumi Ishihara



- Content:
This paper aims at estimating the causal effect of a job training program for disadvantaged youths on their subsequent earnings. Participants are randomized in treatment and control groups, but are allowed to choose when to leave the program and to participate (alternative) training when not enrolled in the program. We consider a multi-stage decision setting, where individuals sequentially select which training to obtain at every stage. The standard Wald estimator using initial random assignment as instrument identifies a weighted average of the effects of the treatment for the subgroups of individuals selecting different duration and different trainings outside the program. We develop a selection model which allows to separately estimate the effect of the treatment for the different subgroups. We use the estimated model to investigate dynamic complementarity/substitutability between different training programs. We show that considering the dynamic interaction between different trainings in this setting is relevant to study the heterogeneous effect of the program and to conduct a complete cost-benefit analysis.

4. Local Instruments, Global Extrapolation: External Validity of the Same-Sex-Fertility-Labor Supply Local Average Treatment Effect

- Speaker: Rajeev Dehejia (New York University)
- Date: October 24, 2018 (Wed)
- Time: 16:40 – 18:10
- Venue: GRIPS
- Total number of attendants: 36 (Students: 26, GRIPS faculty: 3, Guests: 7)
Guests: Kentaro Nakajima, Izumi Yokoyama (Hitotsubashi), Daiji Kawaguchi (Todai), Yuki Higuchi (Nagoya), and more
GRIPS faculty: Stacey Chen, Yoko Kijima, Stephan Litschig
- Organizers: Stacey Chen and Stephan Litschig



- Content:
We investigate whether local average treatment effects (LATE's) can be extrapolated to new settings. We extend the analysis and framework of Dehejia, Pop-Eleches, and Samii (2015), which examines the external validity of the Angrist-Evans (1998) reduced-form natural experiment of having two first children of the same sex on the probability of an incremental child and on mother's labor supply. We estimate Angrist and Evans's (1998) same-sex instrumental variable strategy in 139 country-year censuses using data from the Integrated Public Use Micro Sample International. We compare each country-year's LATE, as a hypothetical target, to the LATE extrapolated from other country-years (using the approach suggested by Angrist and Fernandez-Val 2010). Paralleling our findings in Dehejia, Pop-Eleches, and Samii (2015), we find that with a sufficiently large reference sample, we extrapolate the treatment effect reasonably well, but the degree of accuracy depends on the extent of covariate similarity between the target and reference settings. Our results suggest that – at least for our application – there is hope for external validity.

5. Why give up the ability to choose? Evidence from a Nepalese land allocation program

- Speaker: Abraham Holland (Harvard Kennedy School)
- Date: Feb 08, 2019 (Fri)
- Time: 16:40 – 18:10
- Venue: GRIPS 5th Floor, Room 5J
- Total number of attendants: 15 (Students: 6, GRIPS faculty: 8, Guests: 1)
Guest: Kai Liu (University of Cambridge)

GRIPS faculty: Alistair Munro, Tanaka Makoto, Stephan Litschg, Dainn Wie,
Minchung Hsu, Yukihiro Kidokoro, Stacey Chen, Ponpoje Porapakarm

- Organizer: Stephan Litschg



- Content:

In theory, individuals should prefer a choice-based lottery (random serial dictatorship) to a uniform random lottery for allocating private goods. However, data from potential beneficiaries of a Nepalese land allocation program show that almost half of participants prefer uniform random allocation. We observe this fact in both a field laboratory experiment and a randomized high-stakes policy intervention. In the lab-in-the-field game, participants choose between two lottery mechanisms. By randomizing cash prizes and game anonymity, we test a broad range of explanations. We find no evidence for lack of comprehension, risk aversion, social pressure, and altruism as potential explanations. At the same time, we find evidence that participants respond, on the margin, to changes in the expected benefits between mechanisms. In our second experiment, we use an information intervention to influence mechanism preferences outside of a laboratory. Our findings indicate that information on preference heterogeneity can affect individual mechanism preferences.

6. Dropouts Need Not Apply: The Minimum Wage and Skill Upgrading

- Speaker: Jonathan Meer (Texas A&M University)

- Date: Feb 25, 2019 (Mon)

- Time: 10:40 – 12:10

- Venue: GRIPS 5th Floor, Room 5J

- Total number of attendants: 14 (Students: 6, GRIPS faculty: 1, Guests: 6)

Guests: Daiji Kawaguchi (University of Tokyo), Ryuichi Tanaka (University of Tokyo), Yun-Ting Yeh (University of Tokyo), Masako Ikeda (University of Tokyo), Kiho Muroga (University of Tokyo), Chihiro Inoue (University of Tokyo)

GRIPS faculty: Stacey Chen

- Organizer: Stacey Chen



- Content:

We explore whether minimum wage increases result in substitution from lower-skilled labor to slightly higher-skilled labor. Exploiting statutory minimum wage increases from 2011-2016 and American Community Survey data, we show that workers employed in low-paying jobs are older and less likely to be high school dropouts following a minimum wage hike. We then examine the Burning Glass Technologies job vacancy postings dataset to better understand how firm behavior impacts these changes. We find that job ads in low-wage occupations are more likely to require a high school diploma following a minimum wage hike, consistent with the evidence of employed workers. We see substantial adjustments to skill requirements even within firms.

7. Corruption and Firms: Evidence from Randomized Anti-corruption Audits in Brazil

- Speaker: Emanuele Colonnelli (Chicago Booth)

- Date: Mar 06, 2019 (Wed)

- Time: 16:40 – 18:10

- Venue: GRIPS 5th Floor, Room 5J

- Total number of attendants: 14 (Students: 7, GRIPS faculty: 5, Guests: 1)

Guest: Hongwei Chuang (International University of Japan)

GRIPS faculty: Tetsushi Sonobe, Stephan Litschig, Stacey Chen, Yoko Kijima, Akifumi Ishihara.

- Organizer: Stephan Litschig



- Content:

We exploit spatial variation in randomized anti-corruption audits related to government procurement contracts in Brazil to assess how corruption affects resource allocation, firm performance, and the local economy. After an anti-corruption crackdown, regions experience more entrepreneurship, improved access to finance, and higher levels of economic activity. This is inconsistent with corruption acting as "grease in the wheel." We

find that two channels explain these facts: allocation of resources to less efficient firms, and distortions in government dependent firms. Using firms involved in corrupt business with the municipality, i.e. "corrupt firms," we find that the second channel is more important. Difference in difference estimation suggests that, after audits, the performance of corrupt firms improves relative to a similar set of unaffected firms. Corrupt firms invest more, increase borrowing and leverage, reallocate labor inside the firm, restructure the organizational design by increasing hierarchical layers, rely less on government contracts, and grow faster. Our findings provide novel micro-evidence on why corruption acts as an institutional failure that is detrimental to firm performance and economic growth.

Part B. Overall Report

We organized 7 seminars from April 2018 to March 2019. Participation was highest for Prof. Pande's talk (50), followed by Prof. Dehejia's talk (36). The other seminars drew at least 10 participants. The majority of participants were GRIPS students and faculty but there were also participants from many other institutions, including Todai and Hitotsubashi.

The seminars were open to the general public. Organizers made announcements through emails and disseminated seminar information through the website, <https://sites.google.com/site/gripspubliceconomicsseminar/>.