Hannah Rubinton

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Office Contact Information

Federal Reserve Bank of St. Louis
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Employment

Economist, Federal Reserve Bank of St. Louis, 2020 to present

Education

Ph.D. Economics, Princeton University, 2020
B.A. Economics and Mathematics, McGill University, First Class Honours, 2012

Research Papers

"The Geography of Business Dynamism and Skill-Biased Technical Change" (R&R Review of Economic Studies)

Abstract: This paper shows that the growing regional disparities in the U.S. since 1980 can be explained by firms endogenously responding to a skill-biased technology shock. With the introduction of a new skill-biased technology that is high fixed cost but low marginal cost, firms endogenously adopt more in big cities, cities that offer abundant amenities for high-skilled workers, and cities that are more productive in using high-skilled labor. In cities with more adoption, small and unproductive firms are more likely to exit the market, increasing the equilibrium rate of turnover or business dynamism—a selection effect similar to Melitz (2003). Differences in technology adoption and selection account for three key components of the growing regional disparities known as the Great Divergence: (1) big cities saw a larger increase in the relative wages and supply of skilled workers, (2) big cities saw a smaller decline in business dynamism, and (3) firms in big cities invest more intensively in Information and Communication Technology (ICT).

"The Role of Establishment Size in the City-Size Premium in Spain" with Charly Porcher and Clara Santamaría

Abstract: When workers move to a larger city, they tend to experience an increase in earnings. But they also tend to move to larger and better-paying establishments. This paper studies the role of establishment-size composition in explaining the city-size earnings premium. Using administrative data from Spain, we first document a strong positive correlation between city size and establishment size, measured as the number of co-workers. The establishment size for a typical worker is 33 percent larger in a city with twice the population density, even after controlling for worker fixed effects and other observable characteristics. We then decompose the city-size earnings premium into two components: the increase in earnings explained by the increase in establishment size and the within establishment-size premium. We find that 30.8 percent of the short-term gains of moving to a city twice larger can be explained by a transition to a better-paying larger establishment. In contrast, only 5.0 percent of the medium- term gains of accumulating experience in a large city can be attributed to a faster transition to larger establishments. The small contribution to the medium-term gains is due to two facts: first, in large cities establishment size only grows slightly faster than in smaller cities; second, the relationship between earnings and establishment size is weaker in larger cities. Our results indicate that the role of establishment size composition is fundamental for understanding the short-term gains of moving to a larger city but much less so for explaining the medium-term gains.

"Inequality in the Welfare Costs of Disinflation" with Benjamin Pugsley

Abstract: We use an incomplete markets economy to quantify the distribution of welfare gains and losses of the US "Volcker" disinflation. In the long run households prefer low inflation, but disinflation requires a transition period and a redistribution from net nominal borrowers to net nominal savers. Even with perfectly flexible prices, welfare costs may be significant for households with nominal liabilities. When calibrated to match the micro and macro moments of the early 1980s high inflation environment, almost half of all borrowers (14 percent of all households) would prefer to avoid the redistribution and equilibrium effects of the disinflation. This share depends negatively on the liquidity value of money and positively on the average duration of nominal borrowing.

"The Impact of Racial Segregation on College Attainment in Spatial Equilibrium" with Victoria Gregory and Julian Kozlowski

Abstract: We incorporate race into an overlapping-generations spatial-equilibrium model with neighborhood spillovers. Race matters in two ways: (i) the Black-White wage gap and (ii) homophily—the preferences of individuals over the racial composition of their neighborhood. We find that these two forces generate a Black-White college gap of 22 percentage points, explaining about 80% of the college gap in the data for the St. Louis metro area. Counterfactual exercises show that the wage gap and homophily explain 7 and 18 percentage points of the college gap, respectively. A policy of equalizing school funding across neighborhoods reduces the college gap by almost 10 percentage points and generates large welfare gains.

Work in progress

"The Geography of Higher Education and the Spatial Propagation of Skill-Biased Technical Change" with Damien Capelle and Charly Porcher

"Firms and Economic Geography" with Victoria Gregory and Charly Porcher

"Local Spillovers, Segregation, and Racial Gaps in Educational Attainment" with Victoria Gregory and Julian Kozlowski

Other

Computer Skills: Matlab, Stata, SQL, SAS, LaTeX, Julia
Tools: Git, Vim, Tmux
Data Clearances: Special Sworn Status Researcher, U.S. Census Bureau

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