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The present doctoral dissertation delineates a trilogy of disparate inquiries into the domains of labor and urban economics, with each essay meticulously dissecting a distinctive phenomenon within these fields.

The inaugural essay embarks upon a scrupulous exploration of the ramifications induced by the institution of a formal college system in Quebec during the latter part of the 1960s, employing this historical juncture as a quasi-experimental framework for appraising the value of community college education. Centering its analytical lens upon the Anglophone Quebecois populace, the establishment of the CEGEPs (Colleges of General and Vocational Education) is demonstrated to have amplified educational tenure by approximately one-third of a year for both genders, concurrently abstaining from rerouting students away from university pathways. Astonishingly, despite the enhancement in educational acquisition, the wage impact estimations of the CEGEP introduction exhibit a negative trajectory. The analytical narrative suggests that such unanticipated negative estimates might be perceptively deciphered through the synthesis of lost labor market experience, a diminution in the pecuniary return to university education, and a statistically inconsequential return to CEGEP. These findings tenaciously hold their ground when subjected to the incorporation of control variables and temporal data variations. A gamut of potential interpretations and their implications are subsequently unfurled for contemplative discussion.

The penultimate essay, a collaborative endeavor with William Wheaton, immerses itself into an intricate examination of the interface betwixt labor market agglomeration and wage structures. Leveraging data extracted from the 5% public use micro sample of the 1990 U.S. census, the investigation discerns that workers, observationally equivalent, within the manufacturing sector perceive elevated wages when situated in urban labor markets that boast a more substantial share of either national or metropolitan employment within identical occupational and industrial conglomerations. The quantitative magnitude of this phenomenon is discernibly robust, manifesting an elasticity (computed at the means) oscillating between 1.2 and 3.6. Such a willingness, exhibited by firms, to remunerate equivalent workers more lucratively in denser markets is interpreted as a testament to the existence of an agglomeration economy within urban labor contexts.

In its concluding chapter, the dissertation pivots towards an empirical estimation of the implications of employment dispersion on the average commute durations within American urban conglomerates. Employing a comprehensive sample from over two hundred cities, the findings unveil that inhabitants of urban entities wherein employment is more geographically diffuse experience reduced average commuting times relative to their counterparts in cities characterized by more centralized employment schemas. The results, in their robustness, withstand the introduction of city-specific fixed effects. To adeptly navigate through the potential conundrum of simultaneity betwixt alterations in employment dispersion and commute durations, an instrumental variables strategy is judiciously employed.

Through these multifaceted explorations, the dissertation elegantly weaves a tapestry that contributes nuanced insights and findings to the rich tableau of labor and urban economics, inviting further scholarly dialogue and investigation into these pivotal economic terrains.

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Embarking upon a methodologically rigorous exploration, this dissertation elucidates upon three scholarly essays which delve into the multifaceted dynamics of firm heterogeneity and their nuanced responses to economic perturbations, with a particular empirical lens focused upon the economic tapestry of Chile.

The initial essay introduces a model that intricately explores the domain of economic heterogeneity amidst financial constraints. This model endeavors to characterize those entrepreneurs and enterprises that find themselves impacted by either economic shocks or policy innovations. Notably, the model elucidates a bifurcated margin consisting of one segment populated by economically lesser-endowed yet notably more productive entrepreneurs, juxtaposed with a segment inhabited by their financially richer, albeit less productive, counterparts. The pivotal revelation posited herein lies in the substantiation that these two entrepreneurial fringes exhibit economically meaningful, heterogeneous responses to economic shocks.

Subsequent to this exploration, the second essay directs its empirical focus towards both the construction and econometric application of the FUNDES-SII panel firm database, engaging in a detailed analytical examination of firm genesis, dissolution, and performance through employment of firm mapping. A salient outcome emanating from this essay delineates the empirical discovery of a margin of high productivity amidst entrepreneurs of lower capital within the Chilean economy, corroborating the projections posited within the initial essay. Furthermore, it is discerned that leverage amongst smaller firms appears to serve as a bellwether of financial constraints, whilst within larger firms, it seems indicative of financial accessibility.

The triadic essay consummates the dissertation by proffering an in-depth exploration into the construction and econometric application of the INE-BFL panel worker database, targeting the phenomena of workplace creation and dissolution within the Chilean context. A key facet of local significance is that this chapter pioneers the provision of representative and consistent series pertaining to job creation and destruction within the Chilean economic landscape. Nonetheless, the paramount feature of this chapter pertains to the estimation and characterization of workplace fragility, delineated by firm size. This involves the estimation of separation, matching, and bankruptcy probabilities, complemented by an inquiry into their sensitivities amidst economic cyclical fluctuations.

Collectively, these essays weave a meticulous scholarly investigation into firm heterogeneity and responses to economic shocks, thereby contributing empirical and theoretical insights to the academic discourse surrounding the dynamics of firm behavior, particularly within the context of the Chilean economy, thereby beckoning further exploratory endeavors within this vital economic domain.

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This dissertation embarks upon a meticulous exploration of search models, specifically foregrounding scenarios wherein firms demonstrate a proclivity to employ multiple workers, and systematically dissects the ensuing complexities and dynamics.

Initially, the research casts a spotlight upon the paradigm of efficiency within the labyrinthine terrains of frictional labor markets through the lens of competitive search equilibrium. Herein, the analytical trajectory is maneuvered through scenarios wherein workers strategically direct their searches toward wages, to which firms have committed to dispense upon hiring. Whilst existing literature, notably Moen (1997) and Shimer (1996), substantiates that the competitive search equilibrium attains a state of efficiency when each firm aspires to employ a singular worker, this dissertation reveals a compelling narrative where firms, desiring to employ multiple workers, do not generally converge upon an efficient hiring mechanism merely by posting a single wage. Efficacy in hiring is empirically demonstrated to necessitate firms to either commit to hiring a predetermined number of workers at the posted wage, remunerate all applicants, or architect wages that are contingent upon applicant numbers. If firms commit to merely a wage posting, it is unveiled that the pinnacle of inefficiency is attained at intermediate labor market tightness levels. Intriguingly, in a dynamic model, efficiency under wage posting is resurrected if firms commit to posted contracts over diminishing durations.

The subsequent phase of the research calibrates a continuous-time iteration of the model vis-à-vis United States data. The benchmark parametrization, juxtaposed with potential business-cycle shocks to productivity, does not emulate fluctuations in unemployment that resonantly echo the amplitude observed in U.S. data. This signals that, in and of itself, the existence of firms with a predisposition to employ myriad workers does not inherently serve as a significant source of amplification.

In the concluding analytical chapter, co-authored with Daron Acemoglu, the dissertation introduces a generalization of the Diamond-Mortensen-Pissarides (DMP) search model of unemployment, entwining both intensive and extensive margins of employment creation. Within this framework, firms navigate through a production technology characterized by diminishing returns to labor and engage in worker recruitment by posting vacancies. The entry of new firms symbolizes the extensive margin of employment creation, whilst the job creation by established firms encapsulates the intensive margin. Consonant with the foundational DMP model and firm theories crafted by Stole and Zwiebel (1996a,b) and Wolinsky (2000), wage determination emerges through a continuous bargaining process between the firm and its workforce. The dissertation not only characterizes the steady-state equilibrium within this model class but also unfolds a discourse on the implications of various shock types on the equilibrium unemployment rate, providing a nuanced contribution to the academic dialogue on labor market dynamics and firm hiring strategies.

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Embarking upon an intricate exploration into the realms of judicial decision-making and legal interpretation within hierarchical court structures, this dissertation meticulously weaves through three empirically and theoretically rich chapters, each spotlighting distinct facets and dynamics within legal and economic frameworks.

The inaugural chapter introduces a meticulously crafted model of legal interpretation within a hierarchical court structure, utilizing a bi-level court wherein judges harbor spatial preferences vis-à-vis doctrine. Within this framework, the model astutely examines the implications of appeals, panels, and additional structural court features on judicial incentives and the promotion of uniform legal interpretation. A nuanced finding reveals that the specter of appeal exerts a moderating influence upon lower court judges. When juxtaposed against the financial expenditure of appeal, this moderating influence is intensified when the cost is minimal, albeit, concomitantly diminishing the lower court’s influence over the final adjudication. Consequently, under numerous conditions, maximal overall uniformity is realized at an intermediate cost of review. Furthermore, factors that potentially amplify the predictability of higher court rulings, such as panel size, may inadvertently attenuate the incentives toward moderation within the lower court.

Progressing to the second chapter, the analysis succinctly navigates through the decision-making labyrinth within three-judge appellate panels, situating the analysis within a context where judges, despite ideological leanings, harbor a predilection for consensus, thus catalyzing negotiations among them to facilitate agreement. This chapter constructs a judicious model of judicial negotiation, situating judges within an ideological spectrum and attributing disutility from discord. Employing maximum likelihood estimation, the parameters of the negotiation model, alongside the judges' ideological propensities, are estimated utilizing a data set of sex discrimination cases. Findings from this analysis unearth compelling evidence that while judges' votes are perceptibly influenced by their panel colleagues, this influence predominantly manifests in outvoted judges acceding to the majority. Notwithstanding, minority judges appear to exert a minimal, yet statistically significant impact upon case outcomes.

The final chapter ventures into an analysis of the impact of liability law on firms’ safety investment endeavors, especially when such investments are encapsulated as fixed costs and liability does not homogeneously apply to all competing products. Employing a model featuring one innovative good and one competitively supplied good, the analysis discerns that asymmetric liability inhibits safety innovation amidst scenarios wherein the tort system administration is marked by inefficiency. Alternatively, when inefficiencies within the tort system are minimal, incentives for developing safer products may, paradoxically, be enhanced under asymmetric liability.

Collectively, these chapters coalesce to proffer a nuanced, empirically robust, and theoretically enriched dissertation that significantly contributes to the academic discourse encompassing judicial decision-making, legal interpretation, and economic analysis within hierarchical and liability frameworks.

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Navigating through the intricate tapestry of optimal fiscal policy and asset allocation within volatile economic contexts, this dissertation meticulously traverses through theoretical and empirical realms, offering incisive insights into the multidimensional aspects of government expenditure, taxation, estate tax optimization, and nuanced investor behaviors within the pre-retirement phase.

Chapter 1 delves into a scrupulous analysis of optimal fiscal policy within a business cycle model, underpinned by incomplete markets. Initially, the research explores the conundrum faced by governments confronting expenditure shocks within an economy, wherein the sole asset is articulated as a real risk-free bond, amidst a representative-agent economy featuring proportional taxes on labor and capital. Noteworthy is the stipulation that taxes on capital must be configured one period in advance, reflecting an inherent inertia within tax codes, which thereby precludes the replication of the complete markets allocation. Herein, the interplay between capital taxation and ownership emerges as a pivotal, state-contingent revenue source, thereby introducing a novel potential role for capital taxation and ownership as risk-sharing instruments amongst the government and private entities. The ensuing discussion elucidates that optimal policy, for a baseline scenario, conspicuously features a zero tax on capital. Subsequent numerical simulations corroborate that the baseline scenario constitutes a formidable benchmark, with the average tax on capital, while not theoretically zero, emerging as notably diminutive.

In Chapter 2, an empirical venture, undertaken in collaboration with Ivan Werning, explores the optimal configuration of estate taxes. Within an economic framework wherein altruistic parents encounter productivity shocks, optimal estate taxation notably manifests as progressive. Parents, fortuitous in their financial endeavors, encounter lower net returns on their inheritances - an embodiment of optimal mean reversion in consumption that assures the existence of a long-run steady state with demarcated inequality, thereby mitigating immiseration.

Transitioning to Chapter 3, formulated in concert with Stavros Panageas, the research pivots toward discerning optimal consumption and portfolio choices within a framework wherein investors strategically save for early retirement. Predicated on the presumption that agents can modulate their labor supply exclusively via an irreversible selection of their retirement timing, the chapter yields closed-form solutions and scrutinizes the intertwined dynamics of retirement timing, portfolio choice, and consumption. A salient revelation is that investment for early retirement can potentially amplify savings and stock market exposure, and attenuate the marginal propensity to consume out of cumulative personal wealth. Furthermore, counterintuitively, an investor, prior to retirement, might discern it optimal to augment the proportion of financial wealth invested in stocks as she ages, especially when juxtaposed against a backdrop of constant income stream and investment opportunity set.

Collectively, the chapters converge to forge a dissertation that propounds profound, empirically substantiated, and theoretically enriched insights into fiscal policy, taxation, and investment dynamics, contributing substantially to the academic discourse permeating through economics, financial strategy, and policy optimization within fluctuating economic environments.

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Embarking upon a nuanced exploration of the economic implications stemming from low-skilled immigration within the United States, this dissertation meticulously intertwines theoretical models and empirical analysis across three pivotal essays, each unraveling distinct facets of immigration's impact upon U.S. prices and labor markets.

The inaugural essay elucidates the consequential ramifications of low-skilled immigration upon the prices of non-traded goods, utilizing confidential data derived from the Consumer Price Index to ascertain the causal dynamics interwoven therein. A meticulous amalgamation of wage and price effects with the consumption trajectories of native skill groups facilitates an in-depth exploration into the net benefits and distributive repercussions of immigration within the native economy. Notably, findings underscore that a 10% augmentation in the labor force share of low-skilled immigrants precipitates a 1.3% reduction in the price of immigrant-intensive services. Moreover, wage effects materialize as markedly larger for low-skilled immigrants relative to their native counterparts, attributed to their classification as imperfect substitutes. Collectively, findings denote that the low-skilled immigration influx of the 1990s enhanced the purchasing power of high-skilled natives by 0.65%, whilst concurrently diminishing that of low-skilled natives by 2.66%.

Transitioning to the second essay, co-authored with Jose Tessada, the narrative is underpinned by the initial essay’s revelation concerning the diminution of service prices—such as housekeeping and babysitting—attributable to low-skilled immigration. Given the close substitutability of these services for home production, their price depreciation emerges as a catalyst for alterations in natives’ time utilization. Leveraging time-use surveys, findings illuminate that low-skilled immigration augments the consumption of market-furnished household services, concurrently diminishing the duration women allocate to household chores. Consequently, women have markedly escalated their market work supply, both along intensive and extensive margins. It is estimated that the immigration wave of the 1990s curtailed the time women allocate to household chores by 20 minutes daily and amplified by 5 percentage points the probability of women reporting market work engagement.

The terminus essay embarks upon a formal and empirical investigation into how immigrants' English proficiency, or lack thereof, shapes the impact of immigration upon the U.S. labor market. A theoretical model is introduced wherein low-skilled native workers are adept at executing both "manual" and "language" tasks, immigrants predominantly perform manual tasks, and both task types are identified as q-complements. Predictively, the model intimates that an immigration influx attenuates the relative returns to manual skills and instigates a shift among some natives from manual to language occupations. Employing data from the Occupation Information Network and the Census, the findings delineate that: (1) within a city, occupations demanding fewer language skills exhibit a higher ratio of low-skilled immigrants to natives, and (2) subsequent to an immigration shock, a disproportional wage reduction ensues for natives engaged in manual occupations.

In synthesis, the dissertation cohesively weaves theoretical and empirical threads to proffer a profound, multi-faceted insight into the economic ramifications of low-skilled immigration, thereby contributing to the academic discourse permeating economic theory, policy implications, and labor market dynamics amidst demographic shifts.

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Embarked upon a meticulous examination of international trade and economic growth, this thesis, encapsulated within a trio of essays, endeavors to explore and analyze the interwoven complexity of dynamic gains, relative cost fluctuations, and institutional development within distinct global contexts.

Chapter one meticulously delves into the dynamic gains from trade within a Hecksher-Ohlin economy, intertwining the analysis with endogenous factor accumulation and focusing upon the divergence and convergence of factor abundance and income levels, respectively, amid heterogeneous workers navigating through educational decisions within the ambit of complete markets. The discussion, thus, synthesizes how trade influences the international distribution of surplus from educational investments, particularly benefiting wealthier nations, thereby triggering a divergence in welfare upon market liberalization. Subsequently, the discourse explores the substantive global increase in the average skill premium, notwithstanding the depreciation of the price of skill-intensive goods. The engagement further analyzes whether the factor content of trade substantively influences domestic educational choices, revealing a causal relationship influenced by geographical proximity to skilled and unskilled labor, thereby impacting levels of advanced education.

Transitioning to the second chapter, the exploration provides a meticulous examination of the temporally staggered and partial transference of relative cost movements—instigated by exchange rate fluctuations—to customers. The paradigm formulated encompasses a perfectly competitive economy, illustrating the symbiotic relationship between high-valuation consumers and high-quality firms and revealing that relative scarcity of varied qualities culminates in pricing-to-market and markups that are modulated by local competitive intensity. The analytical framework employed contemplates trade in intermediate goods, local assembly subject to decreasing returns, and fixed market entry costs, considering how local prices are juxtaposed against domestic production costs. The ensuing analysis underscores the intricacies of how changes in the real exchange rate permeate internationally, revealing that, due to export volume’s responsiveness to production relative cost, market toughness mitigates exchange rate movements, precipitating partial pass-through in the short term. A comprehensive long-term analysis reveals augmented pass-through, consequential from export volume responding to relative costs through fluctuations in both the average firm size and the number of firms, while concurrently altering the composition of actively exporting firms.

In the conclusive third chapter, an extensive examination of the influential work of Acemoglu et al. (2001) regarding the impact of settler mortality on colonization policies during early imperialism is undertaken. While affirming the primacy of institutions as pivotal drivers of economic development as posited by the authors, this chapter transcends their empirical analysis, which is constricted to former colonies, to discern between the theory and its rival perspective that posits a direct impact of a country's disease environment on economic prosperity and institutions. Incorporating alternative historical sources and a model of geographic determinants of disease, the discourse extends the mortality rate measures, introducing up to 36 non-colonized countries into the analytical framework, thereby revealing that whilst mortality did influence institutional development in former colonies, such was not mirrored elsewhere. Further, the exploration distinguishes the intertwined relationships between institutions, income, and disease environment, unveiling the substantial yet varied impacts upon prosperity and postulating that institutions elucidate approximately 50% of observed variations in contemporary income levels, with direct effects of disease environment accounting for approximately 15%.

In summation, this thesis endeavors to proffer a profound and multifaceted exploration of the intrinsic interplay of trade, cost dynamics, and institutional development within the international economic milieu, contributing substantively to the academic discourse in economic theory and policy.

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This thesis elegantly amalgamates three scrupulously researched essays, each probing distinct facets of entry regulation, institutions, and development, thereby weaving a comprehensive tapestry of interconnected economic narratives.

The inaugural chapter meticulously scrutinizes the repercussions of a business registration reform in Mexico upon economic activities, exploring the intricacies of its nuanced implementation across diverse municipalities at varied time junctures, thus presenting an opportunistic milieu for identification. The reform, by simplifying registration procedures, conspicuously amplified the proliferation of registered businesses within eligible industries, attributable predominantly to erstwhile wage earners embarking on entrepreneurial ventures. Contrarily, pre-existing, unregistered business proprietors did not manifest an augmented propensity to register post-reform. Furthermore, the empirical results not only attest to an augmentation in employment within eligible industries but also illuminate how the influx of new entrants, and concomitant heightened competition, precipitated a diminution in prices and concurrently attenuated the income of incumbent businesses.

Chapter two, forged in intellectual partnership with Francisco Gallego, proffers a compelling argument advocating that the intranational variation in economic development throughout the Americas is cogently elucidated by disparate institutions, which are firmly anchored in the colonial epoch. Colonial entities, predicated upon local conditions and the availability of indigenous labor, embarked upon heterogeneous economic activities within distinct regional confines of a nation, inadvertently sowing the seeds of either "extractive" or "inclusive" institutions, connoted as "bad" and "good" activities respectively. The dissertation illuminates that regions historically enmeshed in "bad" colonial activities currently languish with diminished GDP per capita in comparison to their counterparts. Additionally, regions historically characterized by elevated pre-colonial population densities are contemporarily besieged with reduced GDP per capita. The analytical discourse reveals that the conduit intermediating historical context and present-day development is predominantly institutional, obviating alternative hypotheses predicated upon income inequality or ethnic minority proportions.

The triadic chapter, utilizing Mexico's Progresa and Microrregion programs as illustrative exemplars, underscores the pertinence of assumption scrutiny, illustrating that disparate conclusions regarding the relative cost-effectiveness of public development programs can be derived contingent upon presuppositions pertaining to social opportunity costs. With respect to Progresa, an estimation is proffered, positing that a sum of 14.1 US$ is requisite to mitigate one life per 1000 live births. Contrastingly, the Microrregion Program, contingent upon myriad variables, necessitates a figure oscillating between 7.6 and 29. A formidable challenge emerges in reconciling social opportunity costs with market prices amidst prevailing market failures, concurrently highlighting the extant deficiency in robust guidelines for navigating this intricate issue within applied domains.

In essence, this thesis, through a meticulous exploration and analysis, seeks to embroider a holistic, nuanced narrative concerning entry regulation, institutional evolution, and development, thereby contributing to the academically enriched discourse within the economics field.

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The inaugural chapter of this dissertation meticulously dissects the nuanced behavior of long- and short-term capital gains distributions, predominantly in the aftermath of the implementation of the Tax Reform Act of 1997, an act renowned for diminishing the maximal tax rate applicable to long-term gains. Employing a discerning lens to a panel of mutual fund data, the scrutiny is inherently pivoted towards the ratio of long-term to total gains distributions within the temporal vicinity of the Act’s enactment. The findings eloquently illustrate a conspicuous tilt in distributions towards the long-term subsequent to the year 1997, a behavior harmoniously concordant with the hypothesis suggesting a pronounced tax-sensitivity amongst fund managers. Furthermore, these estimates resiliently withstand the inclusion of fund-level fixed effects and an array of additional controls. An auxiliary exploration of fund capital gains patterns is conducted within a difference-in-differences framework, where a comparative analysis is drawn between actively managed and index funds, consequently providing a conservative estimate elucidating an increment in the fraction of gains disbursed as long-term post-Act, quantified to be approximately five percentage points.

The ensuing chapter interrogates equity mutual fund dividend yields, anchoring its hypotheses in the tax disparities experienced by individual and corporate investors concerning dividends. Given the elevated tax imposition on dividends for individual investors and a contrasting tax-favored status for corporate investors, it is postulated that the latter may manifest a preference towards the harborment of higher-dividend yield funds in comparison to their non-corporate counterparts. Institutional funds are utilized as a proxy to represent corporate, trust, or non-profit shareholders, and the ensuing findings substantiate that these funds systematically exhibit higher dividend yields relative to their retail equivalents. This result, not only is consonant with the tax clientele hypothesis but also proves to be robust amidst the inclusion of a multitude of fund- and industry-level controls.

The final chapter, co-authored with James Poterba, catalogues the burgeoning utilization of redemption fees within the mutual fund industry, fees which are levied upon investors who opt for liquidation of their positions prior to a stipulated time period and are subsequently recirculated into the fund to indemnify extant investors for the negative externalities of redemptions. The findings highlight a predisposition for foreign and sector funds to impose redemption fees, juxtaposed with a diminished likelihood amongst institutional funds to levy such fees. Utilizing data procured from the Securities and Exchange Commission (SEC), it is elucidated that the most substantial funds, which levied redemption fees, accrued nearly $58 million in fees in the year 2000. Additionally, it is revealed that funds levying redemption fees seemingly experience reduced turnover and augmented returns in comparison to their no-fee counterparts, even when controlled for time, fund objective, and various other characteristics.

Through an astute exploration and in-depth analysis, this dissertation endeavors to seamlessly stitch together a coherent narrative pertaining to capital gains distributions, dividend yields, and redemption fees within the context of mutual fund behavior, thereby contributing to the enriched academic discourse within the realm of economics.

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Chapter one of this dissertation undertakes a rigorous exploration of the efficiency attributes of competitive search equilibria within economies harboring informational asymmetries, where both employers and workers embody risk-neutral and ex-ante homogeneous characteristics. The chapter elucidates an equilibrium wherein employers postulate contracts, whilst workers navigate their search accordingly. Upon the formation of a match, the labor’s disutility is randomly assigned and privately discerned by the worker. An employment contract consequently emerges as an incentive-compatible mechanism, adhering scrupulously to a participation constraint integral to the worker's perspective. Initially, within a static context, the research accentuates that the competitive search equilibrium retains a constrained efficiency; it remains impervious to Pareto improvement through a Social Planner whilst concurrently abiding by the identical informational and participation constraints extant in the decentralized economy. Conversely, within a dynamic milieu, the equilibrium may potentially manifest constrained inefficiency. This dichotomy arises principally from the worker's outside option being exogenously attributed in static settings, whereas, in dynamic circumstances, it is endogenously derived as the equilibrium continuation utility of unemployed workers. Inefficiency sprouts from the worker's outside option influencing the ex-ante cost of information revelation, thereby spawning an uninternalized externality within the competitive search.

In chapter two, the exploration contemplates whether match-specific heterogeneity, both under conditions of complete and deficient information, could potentially amplify the susceptibility of the unemployment rate and market tightness to productivity shocks. Contrary to hypothesized anticipations, the chapter demonstrates that heterogeneity may, in fact, mitigate the responsiveness of market tightness to productivity, particularly when the model is calibrated to correspond with two primary facts: the finding rate and its elasticity in relation to market tightness. The discourse begins by illustrating a theoretical result for steady-state analysis within an extreme paradigm of absent aggregate shock, followed by a meticulous calibration exercise for alternative specifications of idiosyncratic shock distribution.

The third chapter, emerging from collaborative efforts with Daron Acemoglu, crafts a model illuminating non-balanced economic growth. The principal economic driver resides in the amalgamation of disparities in factor proportions and capital deepening. Capital deepening innately propels the relative output of the sector possessing an elevated capital share, notwithstanding the equilibrium reallocation of capital and labor away from that specific sector. The chapter initially delineates this force utilizing a generalized two-sector model before delving further via a class of models characterized by a constant elasticity of substitution between two sectors and Cobb-Douglas production functions within each respective sector. Within this model class, non-balanced growth is demonstrated to be compatible with an asymptotic equilibrium characterized by a constant interest rate and capital share in national income. The discourse subsequently scrutinizes whether, for realistic parameter values, the model engenders transitional dynamics harmonious with both the accelerated growth of certain economic sectors and aggregate balanced growth facts. Conclusively, the chapter constructs and analyzes a model of "non-balanced endogenous growth," extending the principal findings of the paper into an economy with endogenous and directed technical change, illustrating that non-balanced technological progression will predominantly be an equilibrium phenomenon.

Through methodological examinations and incisive analyses, this dissertation intertwines theoretical frameworks and empirical calibrations to foster a coherent narrative surrounding competitive search equilibria, heterogeneity’s impact on market responses, and the dynamics of non-balanced economic growth, thereby extending a substantive contribution to the academic dialogue within the economic sphere.

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The present dissertation, composed of three distinct essays, deliberatively explores varied facets of income inequality and the exigency for skill. Chapter one employs the inception of the US Interstate Highway System as a pivotal instrument to inspect the repercussions of diminishing trade impediments on the relative demand for skilled labor. The erection of the Interstate Highway System, with its foundational intent to intertwine major cities, serve national defense, and facilitate connectivity between the US, Canada, and Mexico, inadvertently tethered numerous rural counties to this expansive network. Consequent observations reveal that such counties underwent an escalation in trade-related undertakings, notably within the realms of trucking and retail sales. The augmentation of trade engendered by the highways bolstered the relative demand for proficient manufacturing workers in skill-rich counties, concurrently attenuating it in others, a phenomenon commensurate with the anticipations propounded by the Heckscher-Ohlin model.

Chapter two scrutinizes the impact of labor division upon the demand for information processing. The findings indicate that manufacturing industries, which enact a more multifaceted division of labor, disproportionately employ clerks, who subsequently manage information pivotal for orchestrating production. An information technology (IT) revolution circa 1900 elevated the relative demand for clerks within manufacturing, a demand further intensified within industries characterized by a complex division of labor. Although this heightened demand for clerks seemingly precipitated the ensuing High School Movement, recent IT evolutions have facilitated the substitution of computers for clerks, a transition most pronounced in intricate industries.

The third chapter, co-authored with Liz Ananat, scrutinizes the impact of marital dissolution upon the economic outcomes of women with offspring. Observations elucidate that the birth of a female firstborn child amplifies the probability of a woman's initial marriage culminating in divorce. Utilizing this exogenous variation as a foundation, it is discerned that divorce exerts minimal influence upon a woman’s mean household income, but notably enhances the probability of her household descending into the lowest income quartile. While women endeavor to counterbalance the diminution of spousal earnings via increased child support, welfare, household amalgamations, and amplified labor supply, divorce invariably escalates the probability of household impoverishment.

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This dissertation rigorously investigates the repercussions of diverse financial incentives upon firm behavior, amalgamating analysis of product-market and input-market effects, and the incentives resultant from a firm's capital structure. Chapter one scrutinizes the interplay between union bargaining and capital structure determination. Under the presumption that a firm’s maintenance of heightened liquidity may inadvertently spur workers to augment wage demands, it is hypothesized that, amid external finance constraints, a firm may strategically manipulate the cash flow demands of debt service payments to fortify its bargaining position. Employing both cross-sectional estimates of firm-level collective bargaining coverage and alterations in state labor law as mechanisms to identify fluctuations in union bargaining power, it is revealed that firms ostensibly leverage financial leverage as a strategic tool to influence collective bargaining negotiations, with estimates intimating that strategic incentives deriving from union bargaining exert a substantive impact upon financing decisions.

Chapter two delves into the manner in which a firm’s capital structure impacts its provision of product availability, an element of product quality that is of paramount importance within the retail sector. Utilizing U.S. consumer price index microdata to quantify the prevalence of out-of-stocks, it is identified that supermarket leveraged buyouts, which curtail liquidity, elevate out-of-stocks by approximately 10 percent, underscoring the imperative for firms to contemplate these tangible effects upon their operations during the formulation of financial policy.

The third chapter examines the financial incentives germinated by medical malpractice liability, questioning whether, under the condition that patients fully absorb the incidence of cost changes and market demand retains its inelasticity, marginal alterations in malpractice liability will influence physicians' net income or location decisions. Utilizing county-level, specialty-specific data pertaining to physician location from 1970 to 2000, it is discerned that, while damage caps do not impact the physician supply for the average resident of states enacting reforms, they do appear to augment the supply of specialist physicians in the most rural locales by between 10 to 12 percent, likely attributable to the increased uninsured litigation costs and more elastic demand for medical services encountered by rural doctors.

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This dissertation meticulously dissects four distinct essays, each singularly navigating the intricate realms of human capital, institutions, and incentives. In the inaugural essay, the inquiry is directed toward comprehending the ramifications of voucher-school competition on educational outcomes, with a particular focus on Chile. I introduce a theoretical framework, which postulates three empirical suppositions: firstly, that voucher-school competition augments student outcomes; secondly, it may exert more pronounced pressure on public schools to enhance their quality; and thirdly, its effects are attenuated when public schools are less financially constrained. Utilizing the interplay between the number of Catholic priests and the institution of the voucher system as a potential exogenous determinant of voucher-school entry, I wield this instrument to validate the principal predictions engendered by the theoretical model.

The subsequent essay elucidates the persistent cross-country disparities in schooling, attributing them to colonial factors that exert a pervasive influence over institutional variables, such as the extent of democracy and political decentralization. Employing the pre-colonization number of native cultures as an instrument for political decentralization, it is demonstrated that democratization proffers a positive impact on the development of primary education, while political decentralization emerges as a paramount explanation for variances in higher educational levels.

The third essay, co-authored with Robert Woodberry, proffers evidence illustrating that the educational landscape in former colonies was significantly shaped by the competition between Protestant and Catholic missionaries. Our findings infer that Protestant missionaries facilitated an increase in schooling within predominantly Catholic countries. Furthermore, the impact exerted by Protestant and Catholic missionaries upon educational outcomes was found to be analogous when both denominations were subjected to identical legal and institutional treatments. These results are interpreted within the context of an economic rationale, whereby divergent institutions engendered discrepancies in the competitive pressures confronting Catholic and Protestant missionaries.

The concluding essay embarks on an exploration of the evolution of the skill premium in Chile, traversing through several decades. The evidence presented indicates that Chilean patterns of skill upgrading have mirrored the evolution of analogous variables within the United States. This is congruent with a model of endogenous technological choice wherein novel technologies are cultivated in developed nations and subsequently adopted by their developing counterparts. This dissertation, therefore, comprehensively navigates through diverse aspects and layers of educational development, institutional impact, and skill acquisition, knitting a cohesive exploration through various geographical and temporal contexts.

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This dissertation delves into the intricacies of banking and corporate finance within the framework of developing nations, with a particular emphasis on the ramifications of open capital markets, the influx of foreign banking entities, and the pivotal role of bond markets amidst banking turbulence.

In the inaugural chapter, a sophisticated theoretical model is employed to shed light on the repercussions of liberalizing capital markets. Within this model, where both foreign and domestic lenders operate amidst information asymmetries, it is posited that constrained access to intricate details about native entrepreneurs might propel foreign lenders to strategically focus on the upper echelon of profitable enterprises. This selective lending, often termed as 'cream-skimming', can instigate a pivotal credit reallocation, the outcomes of which hinge on the nature of financial liberalization and the robustness of indigenous institutional frameworks.

The subsequent chapter delves deeper into the realm of foreign bank penetration, epitomizing it as a nuanced facet of capital market liberalization. By harnessing empirical data emanating from a pivotal 1994 policy shift in India, the analysis discerns that the apex profitable entities indeed garnered substantial loan increments. Intriguingly, the broader panorama showcases a 7.6 percentage point dip in loan acquisition probabilities post foreign bank entry. This descent, intriguingly decoupled from profitability metrics, is predominantly manifested among conglomerate-affiliated enterprises. The observed credit dynamics resonate well with information asymmetry paradigms, and this assertion is further corroborated when the locational preferences of erstwhile foreign establishments serve as instrumental variables for nascent banking entities.

The final chapter, a collaborative endeavor with Simon Johnson and Changyong Rhee, harnesses a quasi-experimental approach stemming from the financial upheavals in Korea during 1997-98. The emergent findings underscore the agility with which bond markets can burgeon in the aftermath of a banking calamity, serving as a financial contingency or 'spare tire', especially when the pre-existing finance predominantly percolated through banking conduits. Notwithstanding this adaptability, bond accessibility remained the prerogative of substantial enterprises, and there's an evident lacuna of empirical support suggesting superior bond finance directionality vis-à-vis traditional banking. Moreover, pre-crisis corporate governance metrics didn't exhibit any discernible influence on bond finance acquisition propensities.

MIT\_Dept. of Economics.\_427

This dissertation is comprised of three distinct yet interrelated essays that delve into various facets of economic policy and volatility.

In the initial essay, the research delves into the implications of labor policies, with an emphasis on the ramifications of firing costs for financially constrained entities. The work introduces and elucidates an undiscussed consequence of firing costs in extant literature: the potential for firing to act as a liquidity adjustment mechanism, bridging temporal gaps between production endeavors and the realization of associated revenues. By imposing firing costs, firms are ostensibly deprived of this liquidity-enhancing instrumentality, consequentially influencing their optimal production and investment decisions. Empirical analysis fortifies the theoretical postulations, demonstrating congruence with the proposed effect.

The subsequent essay embarks on an empirical exploration of the nexus between aggregate macroeconomic turbulence and the idiosyncratic volatilities intrinsic to individual firms. This correlative paradigm emanates from a myriad of theoretical frameworks present in contemporary discourse. To facilitate this investigation, a coherent estimator for the variance inherent in firms' real sales growth trajectories, serving as a surrogate for idiosyncratic volatility, is devised by harnessing cross-sectional attributes of firm distributions. Employing optimal structural break tests and evaluations of long-term relational dynamics, the empirical findings accentuate a discernibly negative and statistically significant association between the aggregate and firm-specific volatilities.

The terminal essay, a collaborative venture with Norman Loayza, scrutinizes the potential biases introduced in monetary and fiscal policy realms, emanating from the interplay between fiscal and monetary policy architects, particularly in scenarios where monetary stewards are ardently committed to independent inflationary controls. Our analysis posits that when there exists a pronounced divergence in the policy objectives of these authorities, especially concerning the temporal trade-offs between output and inflation disparities, the resultant landscape could be marred by escalated fiscal deficits and augmented interest rates. This intricate dynamic is meticulously unpacked through a game-theoretic lens, buttressed by empirical insights extracted from panel data analyses encompassing industrialized nations.

MIT\_Dept. of Economics.\_436

This dissertation meticulously crafts advanced econometric methodologies tailored for dissecting high-dimensional datasets, quintessential to the realms of finance, macroeconomics, and industrial organization.

In the foundational analysis, it becomes palpable that prevailing paradigms for latent factor estimation within financial datasets possess a propensity to underestimate the multiplicity of risk factors. Concurrently, there's a discernible bias accentuating a singular market factor, the significance of which is disproportionately magnified within given sample spaces. In the third chapter, I cultivate a novel, consistent methodology for ascertaining the number of latent factors, accomplished by probing into the repercussions of idiosyncratic noise within a factor model framework. The research also unveils that the estimation of factor loadings via Principal Components Analysis exhibits inconsistencies, especially in the context of attenuated factors. As a remedy, I advocate for alternative Instrumental Variables techniques.

The subsequent chapter harnesses the theoretical underpinnings articulated in preceding sections to gauge the stochastic dimensionality inherent to the US economy. A salient revelation is that overarching global risk factors have the potential to muddle the ostensibly direct correlation between inflationary pressures and unemployment metrics.

The fifth chapter, collaboratively crafted with Jerry Hausman, delineates a pioneering methodology for the precise estimation of discrete choice models characterized by random coefficients. The empirical findings underscore the imperatives of recognizing individual taste variance; an oversight in this regard can engender skewed policy counterfactuals, thereby misguiding decision-making frameworks.

MIT\_Dept. of Economics.\_540

This dissertation delves into empirical and experimental macroeconomics, spanning four meticulously crafted chapters, each addressing distinct facets of economic phenomena.

In the inaugural chapter, a laboratory experiment serves as the milieu to validate predictions of a dynamic global game. This game, emblematic of speculative attacks, hinges on heterogeneously informed agents grappling with the decision to challenge a prevailing status quo, which, in turn, capitulates if met with overwhelming opposition. The theoretical landscape forecasts an inverse relationship between the equilibrium magnitude of the attack and both the inherent robustness of the status quo and the costs affiliated with its assault. Furthermore, historical resilience of the status quo acts as a deterrent against subsequent attacks, mandating novel information to ignite a renewed onslaught. The empirical findings predominantly endorse these prognostications, pinpointing agents' anticipations of peer actions as the linchpin. Yet, a deviation emerges, with subjects exhibiting a proclivity for heightened aggression vis-à-vis theoretical postulates.

Chapter two pivots to dissect gender performance disparities. Prior experimental discourse alludes to a palpable gender chasm in male-favored competitive tasks. Contrarily, leveraging a female-favored verbal task, this study discerns an absence of gendered divergence under competitive pressure alone. The purported "stereotype threat" as an impediment to women's competitive augmentation is discredited. Instead, a novel elucidation surfaces, positing divergent gender responses to temporal constraints. Diminished time constraints amplify female performance in competitive verbal tasks, facilitating superior outcomes compared to their male counterparts. This phenomenon traces back to women optimizing work quality under relaxed time frames, whereas men endeavor to augment output volume, inadvertently accruing errors.

The third chapter directs attention towards the vestiges of institutions influencing Russia's post-Communist development trajectory. Notwithstanding Russia's democratic metamorphosis in 1991, the remnants of Communist institutions linger, casting shadows in specific regions. Such entrenched "shadow institutions" markedly influence economic trajectories, particularly within the realm of small-scale entrepreneurship. Empirical evidence illuminates the economic stagnation endemic to regions steered by erstwhile Communist elites, in stark contrast to regions governed by political neophytes.

The concluding chapter revisits the laboratory setting, probing the potential of a nondescript external proclamation to illuminate multiplicity within a dynamic global game. Theoretical constructs posit that such announcements remain inconsequential in scenarios with a unique equilibrium. However, amidst equilibrium multiplicity, said announcements assume a role as coordination apparatuses. The empirical revelations attest to the pronounced influence of these seemingly innocuous announcements, chiefly in scenarios replete with information dynamics fostering multiple equilibria. Intriguingly, the overarching impact on behavior appears mediated through the announcement's recalibration of participants' convictions regarding the actions of their peers.

MIT\_Dept. of Economics.\_672

This thesis encompasses three distinct chapters, each delving into the intricate interplay between Economic Growth and Informational Frictions.

In the opening chapter, the interdependencies among financial development, R&D expenditure, and overarching growth are meticulously examined. Empirical findings underscore the profound influence of financial development on both growth trajectories and R&D investments. Notably, the augmentation in growth resultant from financial development can largely be attributed to its bolstering effects on R&D. The general equilibrium model explored aligns with these empirical manifestations, indicating an escalation in aggregate growth parallel to advancements in financial structures. Furthermore, this model portends significant welfare augmentations stemming from financial evolution, with these gains being particularly pronounced at nascent stages of financial development. The analytical discourse culminates in asserting the potential benefits of an R&D policy, underscoring its conditional nature predicated upon the prevailing financial maturity.

The second chapter offers an empirical appraisal of global income distribution dynamics. By employing a CES production function, extrapolated from a Skill-Biased technical change framework, this production function is meticulously calibrated to existing data. Such calibration sheds light on the pivotal role of diverse skill sets in elucidating observed temporal income differentials. Reinforcing the model's robustness, the deduced parameter values further corroborate the calibration endeavor.

Chapter three introduces a nuanced model of market entry under an ambiance of uncertainty. This exploration delineates an economic landscape wherein potential market entrants, guided by imprecise indicators of authentic demand across diverse sectors, make consequential entry decisions. The equilibrium strategies emanating from this model are inextricably tethered to the accuracy of these signals. Under conditions of diminished precision, a pure strategy equilibrium materializes, leading agents towards sectors that resonate with their received signals. Conversely, heightened signal precision engenders a strategic conundrum, compelling agents to adopt a randomized sector entry approach. Intriguingly, this model accentuates the non-linear relationships binding the equilibrium and efficient entry dichotomies, the signal's precision, and the genuine inter-sectoral demand dynamics.

MIT\_Dept. of Economics.\_673

In the inaugural chapter, the dynamics of competitive market interactions among diverse firms are delineated, particularly emphasizing relational incentive contracts as instruments for employee motivation. In the enduring rational-expectations equilibrium, the composite Total Factor Productivity (TFP) manifests as a weighted synthesis of firm-centric sustainable effort benchmarks. Intriguingly, relational contracts exacerbate inherent productivity disparities, inducing variances in the net marginal revenue product of labor. When formal contracting infrastructures are enhanced, there is a disproportionate elevation in the prospects of low-productivity firms, culminating in pronounced dispersion of the net marginal revenue product of labor, especially in tenuous contracting landscapes. Consequently, discrepancies in national contracting paradigms can elucidate the discernible misallocation trends, notably more accentuated in developing economies.

The subsequent chapter delves into the organizational adaptive mechanisms vis-à-vis influence activities — endeavors geared towards swaying decision-makers. Paradoxically, certain rigid organizational constructs, ostensibly counterproductive, can emerge as optimal responses. The intricate nexus between decision complexity and susceptibility to influence activities intimates that judicious selection might elucidate the correlation between managerial best practices and firm performance, as highlighted by Bloom and Van Reenen (2007). Moreover, the delineation of firm boundaries can be contingent upon prospective influence activities, thus proposing a firm theory premised on ex-post inefficacies. Crucially, the interplay between bureaucratic tenets and firm boundaries reveals a complementary dynamic, with concentrated decision-making paradigms augmenting bureaucratic structures.

The concluding chapter, a collaborative endeavor with Robert Gibbons and Richard Holden, scrutinizes a rational-expectations framework explicating price determination in intermediate-good markets under the aegis of uncertainty. The market comprises a continuum of firms, each encompassing one party capable of attenuating production costs and another adept at discerning demand intricacies. Both entities are positioned to undertake specific investments entailing private costs, with a machine at their disposal controllable by either party. Drawing from incomplete-contracting paradigms, divergent control architectures engender disparate investment incentives. Concurrently, hinging on rational-expectations narratives, specific parties might be predisposed to investment in information acquisition, subsequently reflected in the equilibrium pricing of intermediate goods through their production choices. The price mechanism's informational richness influences specific investment returns, thereby shaping optimal control frameworks for individual firms. Intriguingly, in equilibrium, the price mechanism's informative potency can propel ostensibly homogeneous firms towards the adoption of heterogeneous control dynamics.

MIT\_Dept. of Economics.\_674

This dissertation delves into the intricate interplay between governments and markets, examining the implications from an optimal policy perspective.

The first chapter critically examines the dynamic interrelation between financial markets and government-led redistribution initiatives. Notably, individual consumption patterns are not strictly tethered to their net-of-tax income in each fiscal period; they leverage market mechanisms to judiciously allocate resources across temporal horizons. This consumption behavior constrains the government's arsenal of policy tools. Concurrently, these markets afford agents the latitude to establish protracted consumption covenants. The costs associated with reneging on such contractual obligations temper the government's ex-post proclivity to deviate from stipulated tax schedules, inadvertently serving as a commitment instrument. Thus, paradoxically, financial markets may bolster, rather than impede, effective redistribution.

The subsequent chapter elucidates a compelling rationale for the differential taxation approach towards debt and equity financing within the corporate income tax paradigm. For entrepreneurs with an aversion to risk, equity invariably yields a superior surplus compared to debt, given its dual role in provisioning both finance and risk mitigation. In a milieu where governments endeavor to harness this surplus, it becomes logical to impose a higher tax burden on equity-driven income relative to its debt-derived counterpart. Further complicating this landscape is the veil of private information obscuring true entrepreneurial intent. In such scenarios, tax instruments become pivotal in discerning and differentiating between entrepreneurial categories. This latitude in policy application facilitates the manipulation of underlying incentive frameworks, augmenting systemic efficiency. The resultant optimal non-linear tax stratagem distinctly mirrors one where equity-driven income incurs a tax rate surpassing that on debt-sourced income.

The concluding chapter traverses the contours of societal adaptability to seismic institutional shifts, focusing on the disparate reactions of erstwhile East and West Germans to a slew of healthcare reforms. In the face of diminishing public health insurance coverage, former East Germans exhibited a pronounced reluctance to augment their coverage through private insurance contracts. This discrepancy in insurance adoption rates resonates with a model positing a gradual, learned realization among agents regarding institutional metamorphosis and the consequent onus of individual optimization of coverage. The findings underscore the pivotal role of transitional phases in individuals' acclimatization to novel institutional paradigms.

MIT\_Dept. of Economics.\_689

This dissertation delves into the nuanced ramifications of contractual engagements on non-signatory third parties and the subsequent dissemination of information to the principal contracting entities.

The inaugural essay dissects the structural dynamics within a corporate hierarchy, specifically emphasizing the firm's headquarters orchestrating mechanisms to garner pivotal insights from division managers regarding latent external market opportunities. This assimilated knowledge not only furnishes the headquarters with the wherewithal to instill optimal investment incentives for these managers but also facilitates judicious trading decisions. The exposition offers a cogent rationale for the prevalent corporate archetype wherein the headquarters, despite decentralizing operational decisions to divisional managers, retains unequivocal authoritative supremacy within the organizational scaffold.

Transitioning to the legal domain, the second essay scrutinizes the strategic contract formulation between a client and her legal counsel to ensure maximal incentivization for the latter and optimize litigation returns for the former. By calibrating contingent remuneration predicated on both settlement outcomes and judgment verdicts, the client ingeniously bolsters legal incentives without eroding her prospective litigation dividends. Moreover, the essay underscores an intriguing paradigm wherein, given the client's compromised negotiation leverage vis-à-vis the opposing party, it becomes advantageous to delegate settlement prerogatives to the legal counsel, concomitantly ensuring a substantial pecuniary incentive for the lawyer, thereby culminating in an enhanced net benefit for the client.

In the final essay, the discourse pivots to a proprietorial perspective, exploring the contractual conundrums faced by a firm owner cognizant of an impending opportunity to divest her enterprise. The narrative postulates that by committing to a substantial severance package for the employee, the owner astutely shifts a segment of the compensation liability to the prospective acquirer, thereby augmenting her net financial gains from the transaction.

MIT\_Dept. of Economics.\_764

This dissertation scrutinizes the repercussions of bankruptcy law on consumer borrowing and welfare, presenting an intricate analysis through six chapters, of which four are theoretical expositions and two are empirical investigations.

The initial chapter delineates a fundamental model of consumer borrowing, where debt repayment is dictated by bankruptcy law permitting consumers to safeguard income beneath a designated exemption threshold from creditors. The findings suggest that elevating bankruptcy exemption levels augments both borrowing and consumer welfare, provided that the borrowed sum does not reach its upper limit. Conversely, if consumers are engaging in maximal borrowing, heightened exemptions constrict credit and curtail borrowing. Optimal consumer welfare is realized when the marginal utility derived from the insurance aspect of the bankruptcy framework is commensurate with the marginal cost incurred from restricted borrowing.

The subsequent chapter refines the model introduced in Chapter 1 by incorporating heterogeneity in consumers' credit demand and repayment capacities. The analysis posits that the optimal exemption threshold is attained when the marginal cost, attributed to intensified credit constraints affecting consumers with heightened credit demand or diminished repayment capability, is counterbalanced by the augmented insurance benefit conferred to other borrowers.

Chapter 3 shifts the focus towards the impact of bankruptcy law on credit markets under the shadow of asymmetric information. The chapter contends that the potential for debt discharge, facilitated by bankruptcy legislation, may induce consumers to skew their borrowing decisions. The optimal exemption levels are determined by weighing the costs associated with borrowing distortions against the benefits stemming from enhanced insurance provisions.

Chapter 4 crafts a model delineating the influence of bankruptcy law on labor incentives. The analysis discerns that escalating exemption levels can either invigorate or dampen incentives to engage in work or assume risks.

In Chapter 5, the exploration delves into the interplay between exemption levels and household borrowing patterns. The empirical findings underscore that elevated personal property exemption levels correlate with an increase in home mortgage debt and a decline in the likelihood of non-homeowners accruing debt exceeding $50,000. Conversely, homestead exemptions exhibit a negative correlation with homeownership rates.

Lastly, Chapter 6 establishes a positive correlation between personal property exemption levels and bankruptcy filing rates, elucidating an intricate relationship within the legal and economic spheres.

MIT\_Dept. of Economics.\_765

This dissertation delves into methodological nuances associated with inference in serially correlated multilevel and panel data, and separately interrogates the economic implications of 401(k) participation on wealth accrual.

The inaugural chapter scrutinizes the intricacies of generalized least squares (GLS) estimation within datasets demonstrating a hierarchical structure, potentially exhibiting autocorrelation amongst groups. The discourse introduces streamlined computational techniques suitable for GLS estimations in expansive multilevel datasets. Additionally, the chapter navigates the estimation of covariance parameters, specifically when the perturbation adheres to an AR(p) trajectory. Notably, conventional estimations of the AR coefficients risk bias emanating from the incorporation of group-level fixed effects. To mitigate this, the research proffers a bias rectification mechanism for AR coefficients, ensuring resilience in the presence of both fixed effects and group-specific temporal trends. This chapter culminates with an elucidative simulation study, reinforcing the pragmatic applicability of the proposed methodologies.

The succeeding chapter delves deeper into inference nuances within serially correlated panel data, with an emphasis on the asymptotic characteristics of a robust covariance matrix estimator, highly recommended for panel data application. While the estimator showcases commendable attributes when the cross-sectional dimension, denoted by n, enlarges with the time dimension, T, retained as constant, numerous panel datasets exhibit substantive temporal dimensions. The research, in this chapter, broadens the conventional analytical scope to account for instances where T approaches infinity, revealing that t and F tests premised on the robust covariance matrix estimator retain their characteristic asymptotic behavior, provided n also trends towards infinity concurrent with T. If T ascends towards infinity with n maintained as a constant, empirical findings elucidate that t and F metrics remain instrumental for inference, notwithstanding the robust covariance matrix estimator's drift towards a determinate random variable, as opposed to consistency. A succinct simulation study further elucidates the attributes of tests anchored on this robust estimator.

The terminal chapter employs instrumental variables quantile regression to discern the ramifications of 401(k) participation on wealth dynamics. Findings illuminate consistent significance across the asset distribution spectrum, pinpointing an unequivocal translation of augmentations in the lower asset distribution tail to overall wealth enhancement. Conversely, the upper tail of the distribution intimates potential substitution dynamics between net financial assets and alternative wealth forms. Crucially, this investigation underscores the potential limitations of treatment effect estimations that narrowly concentrate on singular facets of outcome distribution. An encompassing examination of multiple distribution features can significantly enrich comprehension of the intricate economic interplay at hand.

MIT\_Dept. of Economics.\_839

This thesis meticulously delves into pivotal dimensions of international trade, primarily focusing on the intricacies of trade policy determination and the nuanced dynamics of international outsourcing. The initial three chapters proffer the firm as an innovative unit of analysis within the political economy of trade policy, henceforth providing a nuanced lens through which to evaluate policy determinants and lobbying activities.

Chapter 1 appropriates a conventional model of the political economy of trade policy, immersing itself in the context of lobbying, and elucidates that, amid the heterogeneity in firms’ political activity participation, the level of protection is invariably determined by several factors, one of which being the intensity of lobbying within a respective sector. Furthermore, it probes the influential factors that underpin protection levels, considering the substantial heterogeneity in political participation amongst firms.

The ensuing Chapter 2 critically explores the strategic interaction amongst firms within a sector, thereby delineating how lobbies are constituted when protection against foreign competition emerges as a public good. This chapter not only posits disparate criteria that might govern lobby formation but also rigorously analyses the repercussion of the firm size distribution characteristics on the protective levels accorded to industrial sectors.

Chapter 3 introduces a novel dataset, facilitating the empirical testing of theoretical predictions delineated in preceding chapters. Specifically, the empirical findings underscore a positive dependency of protection levels on lobbying intensity, as elucidated in Chapter 1, and articulate how the lobbying intensity, herein referred to as Participation Shares, posits a positive dependency on rudimentary characteristics of the firm size distribution, such as its mean and standard deviation.

In a departure from the preceding discussions on lobbying and trade policy, Chapter 4 unveils a fresh perspective on firms’ decisions to outsource portions of their production activities, also scrutinizing how individual firms’ outsourcing decisions symbiotically impact the incentives of their industry counterparts to similarly outsource. Firms that engage in outsourcing grapple with a potential diminution in product differentiation yet concurrently realize economies of scale at the intermediary goods producer level. Intriguingly, interactions amongst firms within a sector can potentially catalyze sequential waves of outsourcing.

Through a confluence of theoretical modeling, strategic analysis, and empirical testing, this thesis endeavors to weave a comprehensive tapestry that meticulously interlinks the realms of trade policy, international outsourcing, and firm-level strategic interactions, all within the macrocosm of international trade.

MIT\_Dept. of Economics.\_840

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This dissertation navigates the complex financial landscape that envelopes the expenditures related to long-term care — a significant, yet precariously uninsured, financial risk confronting the elderly demographic. Given the context wherein Medicaid furnishes an incomplete insurance shield against these expenditures, characterized by unrestrained nursing home benefits subject to a deductible contingent on savings and income exceeding means-testing parameters, coupled with the limited penetration of private insurance amongst the elderly, a meticulous exploration becomes imperative.

Chapter One ingeniously harnesses the variability inherent in Medicaid’s generosity across states to probe the financial recalibrations of the elderly, as guided by their anticipation of future nursing home requisites. The findings elucidate a conspicuous shift in consumption and savings decisions amongst the elderly in response to Medicaid’s policy framework. Single households exhibit a discernible diminution in net worth through the median of the distribution, attributable to Medicaid’s policies. Conversely, married households retain consistent total net worth, albeit orchestrating a reconfiguration of their relative holdings amidst protected and non-protected assets.

Chapter Two delves into the intricate dynamics of the “crowd-out” effect spawned by the public Medicaid program, pertaining to the demand for private long-term care insurance coverage. By estimating the repercussions of Medicaid program rules on the private long-term care insurance coverage for the elderly demographic, a minutely small, yet statistically pivotal, marginal crowd-out effect is unearthed. The ensuing estimates intimate that even a substantial reduction (of $67,000) in the asset disregard for couples would only marginally enhance private long-term care insurance ownership amongst the elderly by a mere 1.9 percentage points. This thus emphasizes that marginal modifications to the extant Medicaid program may not substantively bolster private long-term care insurance coverage within the elderly populace.

The third and final chapter embarks on an exploration of individual anticipations regarding prospective nursing home usage. Engaging in a comparative analysis between self-reported probabilities and the statistical probability computed utilizing a sophisticated model employed by the long-term care insurance industry, the findings reveal a propensity amongst respondents to overestimate improbable outcomes and underestimate probable ones. On an aggregate level, the expectations exhibit commendable accuracy and evolve consonantly with health conditions, mirroring the statistical probability. While the expectations integrate private information, they do not fully encompass all available information to the individual, particularly pertaining to the individual’s demographic attributes.

In amalgamation, this thesis endeavors to weave a coherent narrative around the financial preparations and decision-making processes of the elderly in the context of impending nursing home use, intertwining the nuanced interplays between public and private insurance systems within the realm of long-term care expenditures.

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This dissertation proffers a trio of empirical essays, each meticulously examining variegated facets of industrial organization, and coalescing to render a profound exploration of consumer choice, strategic firm behavior, and methodological veracity in economic analysis.

The inaugural essay ventures into an intricate exploration of competition and spatial differentiation within the retail sector. Leveraging a novel dataset elucidating consumers’ store choices, product purchases, item prices, and demographic data, it estimates consumer retailer selection within the DVD sales market, spanning diverse platforms including online outlets, mass merchants, electronics retailers, video specialty, and music stores. The analysis accommodates unobserved heterogeneity, acknowledging divergent preferences for store typologies and distinct disutilities associated with travel, wherein consumers’ travel costs are demonstrated to be income-contingent, and substitution is manifested more prominently amongst similar store types.

The second essay endeavors to unravel a perplexing enigma pervading the movie industry: the strategic clustering of prominent theatrical releases during the July 4th weekend, notwithstanding sustained demand around Labor Day. Engaging with data from the home video industry, and hearkening to recent scholarly contributions (e.g., Einav, 2002), this investigation seeks to further illuminate whether ebullitions in theatrical revenues are propelled by supply or demand dynamics and to scrutinize the rationale underpinning firms’ temporal clustering of releases.

The triadic essay underscores pertinent exemplifications, both authentic and synthetic, aiming to spotlight how simulation methodologies can, at times, obfuscate identification issues during the estimation of mixed logit models. Generally, simulation methods endeavor to approximate an integral, devoid of a closed form, through the extraction of draws from the innate distribution of the random variable under consideration for integration. The evidentiary examples herein divulge how a suboptimal number of draws can engender estimates that ostensibly appear identified, yet are, in reality, either theoretically non-identified by the model or empirically non-identified by the data. The requisite number of draws, integral to revealing identification issues, is revealed to be contingent upon the data, model, and nature of draws utilized, emphasizing the paramount importance of ensuring the stability of estimates relative to the number of draws.

In essence, this dissertation harmonizes diverse empirical examinations to forward an enriched understanding of industrial organizational structures and behaviors, whilst simultaneously advocating for methodological rigor and discernment in the deployment of simulation methodologies within economic research.

MIT\_Dept. of Economics.\_842

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Embarked upon a meticulous exploration within the domain of international trade, this thesis meticulously stitches together a triptych of essays, each offering distinct, yet thematically interconnected, analytical insights into the complexities and multifaceted dynamics of global trade.

In the opening essay, a nuanced interrogation into firm heterogeneity and market structure reveals potential distortions within the geographical topology of international trade. Departing from Krugman (1980), who, through focusing exclusively upon the intensive margin of trade, prophesied that augmented elasticity of substitution between goods accentuates the influence of trade barriers on trade flows, this chapter introduces firm heterogeneity into a rudimentary model of international trade. A mathematical demonstration reveals a dichotomous impact of elasticity of substitution on the extensive margin—number of exporters—and intensive margin—exports per firm. Subsequently, through the empirical lens of sectoral-level gravity equations, the predictions derived from the model are meticulously scrutinized, revealing systematic distortions in estimated trade flow elasticities relative to trade barriers, contingent upon degrees of firm heterogeneity and market structure—findings that concur with the heterogeneous firm model and contradict the representative firm model predictions.

The subsequent essay demystifies the pivotal role of liquidity constraints in international trade, positing that firm-level liquidity, derived from domestic sales and inherent wealth, dictates the ability to navigate the financial impediments of entering foreign markets. A salient prediction emanating from the model suggests that diminished and inequitably distributed liquidity correlates with attenuated total exports. Moreover, it proffers a novel perspective on the ostensibly muted responsiveness of exports to exchange rate fluctuations, contending that while extant exporters may curtail exports in response to exchange rate appreciations, potential exporters may capitalize on the augmented value of domestic assets to offset liquidity constraints, thereby mollifying, or under specific circumstances, inversely impacting aggregate exports.

Concluding the trio, the third essay crafts a dynamic model of trade with heterogeneous firms, an extension to the seminal work of Melitz (2003), elucidating a productivity overshooting phenomenon in the context of trade liberalization. It postulates that the influx of highly productive foreign firms and subsequent intensified competition oblige the cessation of production by less productive entities, precipitating an initial surge in aggregate productivity. As firm exit materializes temporally, competitive pressures ameliorate, permitting the re-entry of less productive firms and consequentially moderating aggregate productivity. Furthermore, the model prognosticates a potential temporal dampening of price compression associated with trade initiation and prognosticates an initial augmentation of inequalities, which gradually attenuate in the prolonged aftermath of trade liberalization.

Collectively, these essays weave a rich tapestry of insights, amalgamating theoretical models and empirical scrutiny to proffer nuanced perspectives on the impact of firm heterogeneity, liquidity constraints, and dynamic firm behaviors on the multifarious dynamics of international trade.

MIT\_Dept. of Economics.\_1042

Embarking upon a rigorous empirical exploration into the multifaceted spectrum of wage inequality within the United States labor market, this dissertation delineates three methodologically distinct yet thematically intertwined studies, each judiciously utilizing a measure of pre-market skills as a linchpin to elucidate distinct facets of the phenomenon.

The inaugural chapter comprehensively dissects the intricate variables concomitant with alterations in the gender wage gap, particularly among the young labor demographic. Through a meticulous decomposition of the evolution of the gender wage gap across the entire wage distribution, the study illuminates the influences wielded by education, pre-market skills, and the minimum wage. Notably, advancements in educational attainment virtually singularly explicate the contraction of the gap across the upper three-quarters of the wage distribution, thereby marginalizing the impact of ostensibly beneficial, albeit unexplained, factors which ostensibly facilitated an additional contraction of the gap. Pertinently, women situated within the lower quarter of the distribution encountered not a contraction, but a residual augmentation of the gender wage gap—an intensification that is pronouncedly palpable for women within the distribution’s bottom decile. This chapter posits the decrement in the real value of the minimum wage as a potentially salient explanatory variable for the observed residual amplification of the gender wage gap amid low-earning women.

Transitioning to the second chapter, the dissertation scrutinizes the amplification in the return to college between 1979 and 1999. Given the enhanced allocation of highly-skilled individuals into tertiary education over the scrutinized period, a plausible inference emerges suggesting that the compositional distribution of unobserved skill across educational strata is not temporally invariant. Intriguingly, despite the proliferation of college attendance, 1999’s college graduates manifested higher metrics of pre-market skills than their 1979 counterparts. Within the context of nascent labor market entrants, the augmentation of skill sorting accounts for a nontrivial four to nine percent of the observed escalation in the return to college throughout the period. Upon incorporating improved sorting and the concomitant amplified return to such skills into the analysis, the estimative increment in the return to college is attenuated by one-third for males and one-sixth for females.

The concluding chapter delves into the wage premium intrinsically associated with on-the-job computer utilization, proffering evidence that the computer wage premium does not ostensibly emanate from a spurious correlation with customarily unobserved cognitive and interpersonal skills. For both genders, the return to on-the-job computer utilization diminishes by less than 15% subsequent to accounting for worker heterogeneity in pre-market skills. Notwithstanding the level of education, workers leveraging computers within the professional milieu do not accrue a higher wage premium for their other productive skills.

In sum, this thesis amalgamates empirical analyses with methodological rigour to illuminate and dissect the complexities, multifaceted dynamics, and intrinsic inequalities perpetuating within the United States labor market, affording scholarly and policy-oriented insights into gender wage disparities, returns to education, and technological skill premiums.

MIT\_Dept. of Economics.\_1043

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This dissertation unfurls a trio of independent yet cohesively thematized essays, each navigating the nuanced realms of empirical development economics, anchored substantively by data extracted from China. Within the initial pair of chapters, the exploration steers toward a scrupulous examination of determinants engendering choices permeating the domestic microcosm of the household.

In the inaugural chapter, an assiduous pursuit to estimate the causal effects, not only of aggregate income but also of relative female and male income, upon sex imbalances is undertaken. This section endeavors to dissect the multifaceted interplay between income and gender dynamics, thereby elucidating the nuanced impacts of financial fluctuations upon sociodemographic structures.

Subsequently, the second chapter pivots toward a meticulous exploration of the ramifications stemming from relaxations in the One Child Policy, particularly in relation to sex ratios and overall family size. Additionally, this chapter judiciously exploits the exogenous variation engendered in family size— a direct consequence of policy relaxations— to empirically estimate the causal impact of familial magnitude upon educational enrollment, thus weaving a nuanced narrative of policy, family structure, and educational attainment.

The dissertation's terminal chapter diverges from the domestic domain to initiate a descriptive exploration into the echelons of income inequality, particularly among the apex of income earners in China during the interstitial period spanning 1986 to 2002. Moreover, this chapter endeavors to delineate the potential redistributive efficacy of progressively tiered income taxation, thereby bridging a discourse that melds income disparity with fiscal policy within the context of a rapidly evolving economic landscape.

In essence, this scholarly tapestry interweaves empirical investigations into domestic decision-making and sociodemographic disparities, juxtaposed against a backdrop of fiscal disparity and potential redistributive strategies, thereby presenting a composite, multi-faceted exploration into the dynamics of development economics within the context of China's expansive and multifarious socio-economic terrain.

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This dissertation meticulously synthesizes three distinct yet interrelated papers, each probing the intricacies of how firms navigate the allocation of real and financial capital, and elucidating the nuanced impacts that variables such as taxes, labor market dynamics, and asymmetric information exert upon these allocation decisions.

In the inaugural paper, the focal point revolves around the discerning analysis of business investment responsiveness to tax modifications, utilizing the varied spectrum provided by recent reforms to the Mexican tax apparatus—most notably, the abolition of accelerated depreciation for investments orchestrated outside predominant metropolitan locales. The findings highlight a pronounced sensitivity of investment to tax alterations, underscored by an elasticity of investment relative to user cost approximating -2.0, predominantly attributable to Mexico’s small open economy disposition, manifested through substantial multinationals’ responses and a notable elasticity of imported assets. Furthermore, the investment comportment under scrutiny harmonizes with theoretical anticipations concerning nonconvexities and irreversibilities, with results demonstrating robustness across varied specifications and instrumental variables approaches, devoid of being artifacts of tax evasion.

Transitioning to the second paper, the exploration segues into examining the interconnection between dividend payouts and unionization. Through the lens of signaling models, wherein dividends ostensibly serve as communicators of future earning trajectories to investors, the investigation probes whether managerial reluctances to signal—stemmed from a desire to prevent unions from harnessing this information in bargaining contexts—hinders this communicative function. Utilizing data derived from IRS 5500 Forms as a proxy for firm-level unionization, dividends emerge as more potent predictors of forthcoming earnings within non-unionized firms, with results substantiating their robustness across diverse specifications, temporal spans, and an instrumental variables approach leveraging state-level right-to-work legislation to navigate the potential endogeneity of unionization.

In the culminating paper, co-authored with Antoinette Schoar, the exploration is broadened to study the prevalence and magnitude of Performance-Based Arbitrage (PBA) within the money manager industry. Defined as the correlation tethering past performance and assets allocated by investors to arbitrageurs, PBA ostensibly impedes arbitrage from assimilating prices and fundamental values. The study documents the palpable existence of PBA and illuminates its potential profitability for investors. Moreover, it reveals PBA’s intensity to be potentiated during epochs characterized by diminished returns and escalated volatility and to be more pronounced within equity as opposed to fixed income markets. However, the manifestation of PBA is demonstrated to be attenuated amongst managers employing arbitrage strategies, intimating that, while PBA maintains a presence, its impact upon security prices may indeed be circumscribed.

Collectively, this dissertation weaves a comprehensive exploration through the multifaceted realms of capital allocation, tax response, unionization, and arbitrage within the broader tapestry of economic decision-making, offering empirically grounded insights that serve to illuminate the complex dynamics at play within these intersecting domains.

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This thesis endeavors to weave through a multifaceted tapestry of explorations within diverse sectors of the economic landscape, examining the latent long-term ramifications of preschool interventions, probing the cardiovascular implications correlated with professional advancements, and dissecting the corollaries of light truck prevalence on traffic mortalities.

In the inaugural chapter, an in-depth exploration into the enduring impacts of preschool interventions is conducted, reevaluating several seminal experiments—namely, Abecedarian, Perry, and Early Training—through a consolidated statistical apparatus, and casting a meticulous lens upon previously underexplored facets: notably, the heterogeneity of treatment effects contingent upon gender and the over-rejection of the null hypothesis resultant from multiple inferences. The reanalysis delineates that while females have reaped substantial benefits, both immediate and protracted, from such interventions, the long-term advantages for males do not exhibit significant statistical potency. These conclusions persist, maintaining their integrity even when adjustments are made to account for participant attrition and potential transgressions of random assignment.

Transitioning to the second chapter, in collaboration with Sir Michael Marmot, the scrutiny shifts toward investigating the nexus between occupational promotions and heart disease. Notwithstanding the well-documented cross-sectional affinity between socioeconomic status and health, empirical evidence elucidating the causal relationship imparted by social status upon health remains scant. Leveraging data from the Whitehall II study, which encompasses British civil servants, and identifying disparities in departmental promotion rates as a plausibly exogenous variable influencing promotional opportunities, this exploration manipulates this variation to discern the causal impact of promotions upon heart disease. The findings intimate that promotions could potentially attenuate the likelihood of developing heart disease by between 3 and 13 percentage points over a 15-year trajectory.

In the concluding chapter, the focus pivots toward the repercussions engendered by the escalating ubiquity of light trucks upon traffic fatalities. Through a hybrid analysis that amalgamates estimates from a state-level panel data set with accident-level microdata, it is suggested that a one-percentage-point augmentation in light truck market share escalates annual traffic fatalities by approximately 0.41 percent, translating to an additional 172 mortalities per annum. Within this upsurge, roughly one-quarter to one-third can be attributed to the light trucks' own occupants, while the remaining two-thirds to three-quarters impact other roadway users. Utilizing standard life valuation metrics, the derived Pigovian tax coalesces to an approximate 4,650 dollars per light truck sold.

Collectively, this dissertation unfurls a cohesive exploration through distinct, yet interrelated economic sectors, providing empirical inquiries that illuminate, challenge, and expand our understanding of the multifarious interplays between economics, societal structures, and well-being.

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This dissertation navigates through a triad of pivotal queries, each meticulously unraveling distinctive threads of causality entwined within the realms of public finance and labor economics, notably: the impact of racial segregation on urban characteristics, the economic ramifications precipitated by divorce upon women, and the consequential effects of abortion legalization on realized fertility.

The initial chapter delves into the complexities of racial segregation and its consequentiality upon urban attributes. While there emerges a discernibly negative correlation at the municipal level between residential racial segregation and demographic outcomes—especially acute for black inhabitants—the ubiquitously acknowledged possibility that this correlation might not innately be causal is rigorously explored. The chapter introduces an innovative examination of the causal relationship between segregation and demographic outcomes, utilizing the spatial arrangement of 19th-century railroad tracks to delineate plausibly exogenous variation in cities' predisposition to segregation. The exposition evidences that, conditional upon the extent of railroad track deployed, the degree to which these configurations physically bifurcated cities robustly prognosticates the level of ensuing segregation post the Great Migration of African-Americans in the 20th century. Intriguingly, prior to this migration, track configurations exhibit no correlation with racial concentration, income, education, or population, attenuating concerns of reverse causality. Through instrumental variables estimates, it is elucidated that segregation engenders detrimental characteristics for high-skilled whites and blacks, while conversely bestowing positive attributes upon low-skilled whites. This duality of impact may emanate from both the influence on human capital acquisition across diverse races and skill groups and the induced sorting into disparate cities ('selection'). A model, meticulously developed to discern between these production and selection effects, corroborates a perspective wherein more segregated cities foster superior outcomes for low-skilled whites and diminished desirability amongst both black and white demographics, implying a latent, aggregate valuing of integration within the American populace.

Chapter two, co-authored with Guy Michaels, scrutinizes the economic outcomes precipitated upon women in the aftermath of marital dissolution. A salient increase in the probability of a woman’s first marriage disintegrating, contingent upon the firstborn being female, is exploited as exogenous variation to ascertain the impact of divorce upon women's economic trajectories. The analysis discerns that divorce, while not substantially impacting a woman’s average household income, does markedly augment the probability of her household plummeting into the lowest income quartile. Despite partial mitigation of lost spousal earnings through mechanisms such as child support, welfare, household amalgamation, and a substantial escalation in labor supply, divorce, on net, significantly elevates the propensity toward household poverty.

The concluding chapter, a collaborative endeavor with Jonathan Gruber and Phillip B. Levine, probes into the repercussions of abortion legalization upon completed fertility. Integrating data from the 1970 U.S. Census and microdata spanning from 1968 to 1999 from Vital Statistics records, the research calculates the lifetime fertility of women spanning birth cohorts from the 1930s to the 1960s. It scrutinizes whether those women, traversing through their peak childbearing years during the early 1970s and originating from early legalizing states, manifested differential lifetime fertility patterns when juxtaposed with women originating from alternative states and birth cohorts. The investigation observes that a substantial portion of the fertility decline coinciding with abortion legalization was indeed permanent, with women not compensating with subsequent births. This phenomenon is substantively attributed to an uptick in the number of women remaining childless throughout their fertile years.

Embodied within, the dissertation provides a cohesive, empirically rich exploration across disparate, yet intrinsically interlinked, arenas of economic inquiry, illuminating novel insights and probing established perspectives within the interconnected realms of public finance and labor economics.

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This dissertation meticulously navigates through empirical inquiries, scrutinizing varied facets of the criminal justice system, thereby elucidating notable insights into its multifaceted dynamics.

In the inaugural chapter, conjointly penned with Chris Rohlfs, the focal point revolves around the judicial bail-setting process juxtaposed with the defendant's fiscal decision in bail payments. The crafting of optimal bail-setting stipulations necessitates a nuanced balance, astutely weighing the financial and societal repercussions borne by defendants and the community, respectively. A model, underpinning optimal bail, is innovatively formulated, embracing variables such as the fiscal burden of incarcerating the defendant, the defendant’s personal cost engendered through incarceration, crime-related expenditures, and the costs precipitated through defendant absconsion. The empirical calibration of the model utilizes data drawn from a randomized experiment, thereby facilitating the leveraging of defendant bail posting decisions as a means to estimate their subjective valuations of liberty. The estimations reveal that defendants, categorized as high-risk, express a willingness to remit between $300 and $1,000 for a 90-day duration of freedom. An intriguing discovery indicates that the socially optimal bail level is discernibly lower than that presently determined by judiciaries. When extrapolated to a national scale, the cumulative social benefit accruing from reform approximates $10 billion annually.

The second chapter, a collaborative endeavor with Marianne Bertrand and Sendhil Mullainathan, delves into the exploration of the potential impact of defendant race on interjudge sentencing disparity, thereby seeking to amplify understanding regarding racial dynamics within the courtroom context. Endeavoring to ascertain whether the legal apparatus perpetuates discrimination against minority demographics, the chapter harnesses a correlated question: do judiciaries exhibit disparity in the sentencing of minority individuals? This approach circumvents the complexities associated with systematic racial variances in case attributes, exploiting the random allocation of cases to judiciaries as a mechanism of investigation. The between-judge variation is gauged in the ratio of sentence lengths and incarceration rates for African-American defendants relative to their White counterparts. The data, encompassing all felony cases in Cook County, Illinois, spanning the years 1985-2005, reveals a significant between-judge variation. Furthermore, judiciary characteristics, including age and prior professional experiences (either as a prosecutor or defender), emerge as predictive indicators of their racial disparities in sentencing.

In the concluding third chapter, evidence is presented pertaining to the deterrent impact of incarceration. Establishing an understanding of the magnitude of the deterrent effect of incarceration on crime rates is imperative for the configuration of optimal policies. The chapter employs sentence enhancements in gun robbery sentence lengths, induced by add-on gun laws, as a vehicle to attempt to estimate this impact. Since defendants susceptible to add-ons would inherently be incarcerated notwithstanding the law amendment, the immediate effect is solely deterrent. The chapter harnesses temporal variation in the enactment of these laws across different states to identify the causal impact engendered by the legislative amendments. Findings suggest that the enactment of add-on gun laws precipitates a notable reduction in gun robberies, estimated at approximately 5% within the initial triennium post-enactment, for the average add-on gun law. Furthermore, the results demonstrate robustness across a variety of tests and do not evidently emanate from a substantial spillover into other crime categories.

In summary, the dissertation crafts a comprehensive and empirically enriched exploration across disparate yet interconnected facets of the criminal justice system, synthesizing innovative insights and sculpting a coherent understanding through the empirical analyses and models presented.

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This dissertation delineates a thorough exploration of insurance markets, particularly underscoring those permeated by adverse-selection phenomena, across three distinct yet interrelated chapters.

The inaugural chapter elucidates the dynamics of non-exclusive insurance markets through the development of a scrupulous model. This model affirms that the 'screening' considerations intrinsic to models subsequent to Rothschild and Stiglitz (1976) - heretofore employed to analyze exclusive-contract insurance markets - are also applicable in contexts where contracting is non-exclusive and contracts are linearly priced. The delineation characterizes contracts proffered in efficient markets, demonstrating that the conjunction of screening and non-exclusivity imposes significant constriction upon the structuring of insurance policies. For instance, within a bi-risk-type market for retirement annuities, market efficiency mandates that either all procured annuities furnish declining real income streams, or alternatively, all assure ascendant income streams.

Chapters 2 and 3 delve into a rigorous examination of the ramifications stemming from regulations that inhibit the utilization of characteristic-based pricing in exclusive contracting insurance markets. The second chapter proffers an argument that regulations curtailing pricing predicated on observable characteristics - such as gender, race, or outcomes of genetic tests - are undesirable. It underscores that the distributional objectives of these limitations could be achieved more efficaciously through the implementation of social insurance. Notably, it elucidates that a government capable of providing pooled-price social insurance could alleviate restrictions on characteristic-based pricing whilst orchestrating a "compensatory" social insurance policy, ensuring that no individual is detrimentally affected while some experience gains.

The concluding third chapter, a collaborative effort with James Poterba and Amy Finkelstein, emanates from the observation that the "compensatory" social insurance policies identified in Chapter 2 are not conventionally employed in practice. In the absence of such policies, allowing characteristic-based pricing yields both efficiency and distributional consequences vis-à-vis proscribing such pricing. A methodology is developed for empirically quantifying the magnitudes of both consequences and is applied to evaluate the hypothetical imposition of a prohibition on gender-based pricing within the U.K. annuity market. The estimations indicate that this imposition would engender a notable re-distribution of resources from men of shorter life expectancy to women with longer life expectancies. Nonetheless, the amount of re-distribution may be up to 50% less than anticipated without accounting for the endogenous market response.

In essence, the dissertation crafts a comprehensive and analytically rich exploration of adverse-selection type insurance markets, weaving together innovative modeling, theoretical discourse, and empirical application to furnish a nuanced understanding of the regulatory and structural dimensions of these markets. This intricate exploration harmoniously marries theoretical concepts with practical implications, forging a substantive contribution to the academic dialogue in the realm of economics.

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This dissertation meticulously explores the latent agency conflicts emergent between insurance brokers and their commercial clientele, probing the potential divergence from the broker's ostensible role of securing optimal insurance quotes for clients due to intricate contractual arrangements and privileged information.

The inaugural chapter furnishes an analytical exposition of the institutions of commercial lines insurance, intending to establish a robust foundational understanding to scaffold the subsequent empirical investigations. A detailed exploration of the structural and operational mechanisms of these institutions provides a nuanced backdrop against which the ensuing chapters are contextualized.

Subsequent to this foundational establishment, the second chapter embarks on an analytical journey, exploring whether contingency fees, conceived as annual remunerations that reward the broker for achieving stipulated premium volume and profitability targets with an insurer, engender a distortion in the broker's sales behaviors. Leveraging data drawn from policies written through a privately-held insurance broker in Arizona from 1994 to 2000, the analysis navigates through the complexities of the agent’s decision-making process. Notably, the effects of contingency fees are discernible owing to the fact that individual agents, who craft placement decisions within the broker firm, manifest divergent incentives to respond to such compensation structures. The findings reveal a distortion in sales towards insurers with whom contracts are presently active at the broker. Additionally, agents seemingly respond to contractual nonlinearities, demonstrating a proclivity to place business with insurers proffering elevated marginal incentives.

The third chapter endeavors to discern whether a broker can efficaciously communicate its private information to the client when counterbalanced by an immediate interest to eschew costly search. The client’s preference leans towards encouraging the broker to engage in a search, particularly when the incumbent insurer no longer offers competitive pricing for its coverage. Conversely, the broker, while desiring to retain the client, seeks to circumvent the financial and temporal costs associated with search, thereby fostering an incentive to manipulate the information conveyed to the client, perennially asserting the competitiveness of the client’s extant coverage pricing. In scenarios where search is only justified upon a client experiencing an idiosyncratic price increase, the prevailing moral hazard may paradoxically spur amplified search activity in reaction to systematic price increments. This emanates from the broker’s incapacity to credibly communicate that the pervasive pricing increments are not solely restricted to its price but are a market-wide phenomenon. Utilizing the dataset invoked in the second chapter, systematic price increases are discerned to significantly enhance client turnover among insurers, a finding congruent with the moral hazard hypothesis.

In essence, this dissertation crafts an exhaustive and intricately analytical exploration of the potential agency conflicts within insurance brokering, integrating theoretical constructs, empirical evidence, and robust analysis to engender a substantively rich contribution to the academic discourse within economics, particularly in the nexus of agency, information asymmetry, and moral hazard in insurance markets.

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This dissertation navigates through the multifaceted realms of firm behavior within emerging markets, with a concentrated exploration into the intrinsic and extrinsic factors influencing firms' financial and investment decisions, particularly in the context of borrowing and transaction dynamics. Chapters 1 and 3 delve into firms' critical decisions regarding borrowing in domestic or foreign currency and unravel the subsequent implications of such choices on their fixed capital and inventory investments. Conversely, Chapter 2 embarks upon an exploration into the pervasive effects of institutional frameworks, examining the resultant transaction costs and scrutinizing their impact upon the diversity of intermediate goods utilized by firms across various economies, further evaluating subsequent implications upon productivity levels.

A myriad of contemporary discourse has emerged regarding the challenges for emerging markets that potentially emanate from a discord between liabilities denominated in foreign currency and assets (or income streams) denominated in the indigenous currency. A particular emphasis is placed on models developed in the ensuing aftermath of the financial crises of the late 1990s, which hypothesize that a devaluation-induced expansion in the "peso" value of "dollar" liabilities either exacerbated or precipitated numerous recent financial crises. Nevertheless, the academic arena remains markedly bereft of empirical evidence, both pertaining to the impacts of foreign currency debt on investment and the variables influencing firm-level debt choice initially. In an endeavor to address this academic lacuna, two papers within this dissertation (Chapters 1 and 3) employ a novel database, harboring accounting information (inclusive of the currency composition of liabilities) for approximately 400 non-financial firms across five Latin American countries.

Chapter 1, co-authored with Hoyt Bleakley, endeavors to estimate, at a firm level, the reduced-form effect on investment of harboring foreign currency-denominated debt amidst an exchange rate realignment. A consistently positive effect is identified, a finding paradoxically contrary to the anticipated sign of the net-worth effect. Furthermore, we elucidate that the estimated coefficient can be decomposed into competitiveness and net-worth effects and provide explicit evidence that the former supersedes the latter. We posit that the positive investment response emanates from firm debt choice decisions, whereby firms that elect to hold dollar debt are also those firms whose present and future incomes are most positively impacted by a devaluation. Consequently, it is not unfounded that the contractionary balance sheet effects of devaluations are overwhelmingly counteracted by expansionary competitiveness effects.

Chapter 3 delves into debt choice, elucidated with the assistance of a simplified model of debt composition. Herein, firms ostensibly hedge against exchange rate shocks by modulating the currency composition of their liabilities. Within a sample of non-financial Latin American firms, it is determined that firms electing to hold dollar debt are those for whom income is, a priori, expected to correlate more significantly with the exchange rate. Additionally, evidence suggests that firms with dollar debt are less credit constrained. Subsequent explorations into variations across countries and over time in the determinants and levels of dollarization, within the sample of Latin American corporations, reveal that exchange rate stability exerts a significant positive impact on the level of dollarization. All three empirical findings align cohesively with a model of debt composition in which credit constraints catalyze risk-averse behavior by firms.

Although burgeoning evidence underscores the pivotal role of institutions in elucidating cross-country differences in income per capita, empirical evidence elucidating the precise mechanisms through which institutions permeate economic outcomes remains notably scarce...

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This thesis meticulously investigates the inducements and strategies for exercising market power among electricity generators in the hypothetical context where all electricity supplies in Chile are transacted in an hourly-unregulated spot market. The analytical framework utilized for the exploration of this scenario encapsulates the industry as a Cournot duopoly with an ancillary competitive fringe, bestowing particular emphasis on the decision-making processes pertinent to hydro scheduling. Through rigorous quantitative simulations exploring the strategic deportment of generators, evidence underscores that the predominant generator, "Endesa", would be both incentivized and capable of unilaterally exercising market power. This potentiality emanates principally from the strategic scheduling of its hydro resources, identified herein as the tangible source of its market power, exploiting variances in price elasticity by allocating insufficient supply during high demand periods and conversely, an overabundance during periods of diminished demand.

In Chapter Two, mitigation strategies are thoroughly examined, specifically: (a) necessitating Endesa to divest a portion of its generating capacity to engender additional competition, and (b) obliging dominant generators to commit to fixed-price forward contracts for power, encompassing a substantial portion of their generating capacity. The partitioning of the largest producer into smaller, more manifold firms ostensibly propels the market equilibrium towards a more competitive paradigm, as divested plants undergo intensified utilization. The implementational practices of contracting are elucidated to be an efficacious mechanism to obviate large producers from wielding market power within the spot market and concurrently result in more efficacious hydro scheduling. Moreover, the requisite conditions for the burgeoning of a voluntary contract market are scrutinized, recognizing the impracticality of perpetually depending on vesting contracts imposed during transitional phases.

The concluding chapter introduces a model that explicitly enables producers to engage in strategic behaviors, orchestrating congestion within the system’s principal transmission line as a mechanism to exercise market power. The resultant findings highlight the absence of a pure strategy equilibrium wherein one generator adopts an aggressive stance, engendering congestion in the line towards the other region, while its counterpart passively accedes to imports. Contrarily, generators are anticipated to pursue antithetical strategies. The industry standing of the second-largest producer, while not predominantly robust to exercise market power consistently, proves sufficiently potent to counteract Endesa’s attempts to instigate line congestion, unveiling a complex, interactive dynamic within the market.

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This thesis proffers an empirical exploration, segmented into three distinct essays, delving into the multifaceted domain of international finance. The inaugural chapter elucidates the transmission dynamics of monetary policy, particularly via the lending channel, within a partially dollarized banking system. Utilizing both cross-sectional and time-series variations in the individualized balance sheets of Mexican banks, it is discerned that banks possessing a more substantial proportion of foreign deposits exhibit diminished sensitivity to domestic monetary perturbations, a phenomenon particularly pronounced amongst smaller banking institutions. This empirical manifestation is further amplified when external monetary and country risk shocks are meticulously controlled. Moreover, banks characterized by a predominant foreign deposit share demonstrate heightened sensitivity to external (U.S.) monetary shocks and concurrently, exhibit augmented susceptibility to country risk, signified by an exacerbated propensity to hemorrhage deposits concomitant with escalations in Brady bond spreads, albeit without a concomitant diminution in their loan portfolios.

Chapter two pivots towards an examination of the nexus between bank credit and asset prices, invoking empirical observations from the Japanese real estate zenith of the 1980s. The receding trajectory of banks' loans to keiretsu firms is employed as a proxy for shocks to bank real estate credit. Empirical validations substantiate the aptness of deploying keiretsu loans as an instrumental variable, wherein financial deregulation permitted formidable firms to supplant bank finance with public market financing. The crux of the analysis delineates that prefectures, which endured a more pronounced atrophy in their banks' allocation of keiretsu loans, concurrently witnessed an accretion in real estate lending, thereby propelling land inflation. A 0.01 escalation in a prefecture's instrumented share of real estate loans, sustained over a triennial span, infers a land inflation rate burgeoned by 28%.

The denouement, Chapter three, scrutinizes the behavior of sovereign credit ratings, interrogating the perspective that posits credit rating agencies as exacerbating the Asian crisis through ostensibly excessive downgrades of the implicated nations. My findings contravene this narrative, revealing that credit ratings exhibit a propensity towards inertia, rather than an exaggerated procyclicality. In the prelude to the crisis, assigned ratings perpetually eclipsed predicted ratings, harmonized predominantly with predicted ratings amidst the crisis epoch, and did not witness commensurate ascensions relative to predictions in the subsequent post-crisis period. Additionally, ratings are discerned to be responsive to non-macro economic variables, exhibiting lags in spreads and historical default trajectories.

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The opening chapter of this thesis embarks on a meticulous analysis of the dynamics and susceptibility of the gossip process, particularly vis-à-vis its manipulation by malicious entities, and the resultant repercussions on the trajectory of information transmission. Within the encapsulated model, a singular datum is disseminated through a chain of agents, each endowed with privately discerned types - objective or malicious. The latter, underlined by an agenda to skew the information, operates within an indirect-impact gossip model aiming to exert influence upon a terminal decision-maker, showcasing an equilibrium incentive to generate erroneous information that strikingly remains impervious to their locational disposition within the gossip chain. Remarkably, the infusion of even a marginal population of malicious agents precipitates a pronounced diminution in the volume of information transmitted. Conversely, within a direct-impact model, where malevolent agents seek to influence the immediate recipient, an initial data contamination is observed, eventually attenuating as objective agents truncate their receptivity to gossip.

The second chapter, synthesized in collaboration with Botond Koszegi, immerses itself in a nuanced career concerns model, wherein an agent's productivity bifurcates into two components: intrinsic talent and a susceptibility to incentives, the latter dubbed "drive". This additional dimension of heterogeneity markedly recalibrates both agent behaviour and organizational structures. Agents, predisposed to incentive responsiveness, not only are anticipated to exert a more potent effort and consequently accrue elevated remuneration but also inadvertently entice all agents towards amplified effort as a signal of their "drive". Over an extensive temporal landscape, these “drive-signaling incentives” exhibit a propensity to self-perpetuate and, under sufficiently potent effects, generate formidable incentives, even in the virtual absence of alternative motivational factors. However, this drive signaling can potentially manifest detrimentally, as historical outputs may be interpreted by the principal as indicative of attenuated ability. Ergo, drive-signaling incentives may burgeon effort in the early career trajectory whilst diminishing it subsequently. A detailed exploration into the implications of this framework for organizational design is undertaken, elucidating that to maximize effort, a principal may opt to observe a measure of the agent’s effort, such as hours worked, early in the career, whilst obfuscating it during later stages.

Concluding with the third chapter, the thesis models the interaction between individuals' augmenting capability to discern the state of the world and their incentive to candidly reveal their information. Here, a principal, basing decisions upon a sequential array of reports from an agent with reputational considerations, encounters agents with privately discerned ability, who are recipients of signals of varying initial quality and distinct rates of quality enhancement. Thus, both the precision and the temporal placement of reports inflect the principal’s perceptions of the agent’s ability. Amongst the pivotal findings of this exploration are, firstly, that despite instances of mind changes or inconsistent reports potentially being esteemed more highly within the market as indicators of talent and rapid acumen enhancement, mediocre agents tend to reiterate their initial opinions with greater frequency owing to a diminished relative confidence in their signal quality improvement. Secondly, it is discerned that a sequential reporting system may indeed be superior to a terminal reporting framework...

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The inaugural essay embarks on a meticulous exploration elucidating the prevalent phenomenon of credit contracts being denominated in foreign currencies within developing nations, a practice that remarkably persists even in the aftermath of these economies achieving a semblance of inflationary control. This investigation introduces a novel interpretation, fundamentally anchored in the demand for insurance against palpable aggregate shocks. The observable pattern wherein devaluations predominantly transpire amidst adverse global states emerges as a pivotal motivator for maintaining dollar-denominated assets, particularly when the principal source of consumption volatility is rooted in recession risk. Consequently, the model forecasts a persistent entrenchment of "dollarization" within economies wherein inflationary risk is perceptibly mitigated.

Transitioning to the second essay, the analysis pivots towards examining the implications of government’s conspicuous absence of commitment technology on the capacity of resident agents to optimize risk diversification. It is discerned that the inherent moral hazard posed by governmental actions introduces a nuanced trade-off, oscillating between pooling idiosyncratic risk and diversifying aggregate country uncertainty, thereby inadvertently subjecting local agents to exacerbated consumption risk. Furthermore, this paper ventures into an exploration of the methodologies through which institutions may be strategically designed to navigate and potentially obviate this moral hazard dilemma.

The tertiary essay endeavors to proffer an explanation for the discernible cross-country variation observed in the quality of institutions governing financial mechanisms, an explanation firmly situated in the proportional participation of local investors within the domestic financial sector. A conspicuous correlation is identified, indicating that the participation of local investors within the financial market—and subsequently, the resultant institutions—varies in alignment with the distribution of wealth and the magnitude of capital inflows. Thus, the dissertation, through its three empirically-rich essays, threads a nuanced narrative, spanning the realms of foreign currency denominations in credit contracts, governmental moral hazard in risk diversification, and institutional quality variation in financial governance, each providing a divergent lens through which to explore the intricacies and challenges embedded within developing economic landscapes.

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The corpus of this dissertation converges upon the theory of games and its resultant applications within the domain of economic theory, dispersed coherently across four essays, each constituting a unique investigational foray.

The initial two essays, which intrinsically intertwine, endeavor to navigate through the foundational quandary concerning the susceptibility of game theory predictions to the intricate dynamics of higher-order beliefs, elucidating a substantial path of inquiry into the sphere of Higher-Order Uncertainty, co-authored with Muhamet Yildiz. A comprehensive exploration of normal-form games—specifically those wherein players' strategy spaces are metaphorically and mathematically encapsulated within compact metric spaces—reveals that a pivotal condition, aptly denominated "global stability under uncertainty," induces a spectrum of outcomes asserting the diminutive impact of higher-order uncertainty. Under the aegis of global stability, the dissertation substantiates that alterations in equilibrium strategies, incited by variations in players’ beliefs exceeding order k, exhibit an exponential decay in k. Consequently, equilibrium strategies can be approximated with requisite precision through the specification of merely a finite number of belief orders.

In tandem with Muhamet Yildiz, the second essay, Finite-Order Implications of Any Equilibrium, scrutinizes the prevalent economic theories, which presuppose a common-knowledge stipulation that subsumes the determination of all higher-order beliefs by the first or second order thereof. A meticulous analysis of the implications of abandoning such an assumptive closure at any finite order, whilst permitting higher orders to fluctuate arbitrarily, elucidates that, within a sufficiently affluent underlying uncertainty space and under any fixed equilibrium, the emergent set of conceivable outcomes must encompass all outcomes that persevere through the iterated elimination of strategies that never unequivocally surface as the optimal best reply.

The penultimate essay, centered on Price Dispersion and Loss Leaders, probes into the anomaly of dispersion in retail prices of identical commodities—a phenomenon that ostensibly contravenes the prototypical model of price competition among identical firms, which propounds a descent of all prices to cost. Through the lens of loss-leader strategy, this investigation assumes prominent transportation costs, compelling each consumer to consolidate all requisite purchases within a singular firm, thereby creating a conduit for an ostensibly effective loss-leader strategy. However, the findings delineate that such a strategy cannot, in equilibrium, epitomize efficacy, necessitating the incorporation of additional suppositions restricting price search or rationality to elucidate price dispersion or loss leaders.

The final note illuminates the classical Blotto game with a novel equilibrium, wherein players allocate a singular unit of resources across three coordinates, aspiring to eclipse their adversary in at least two. Notably, a mixed strategy, whereby the marginal distribution on each coordinate is U [0, 2], will serve as an equilibrium strategy under certain conditions. The dissertation reveals a distribution with one-dimensional support that is inherently simpler to articulate than preceding examples. Additionally, the framework generalizes to provision one-dimensional distributions with analogous properties in higher-dimensional simplexes, whilst also offering insights regarding equilibrium payoffs when the game introduces asymmetry in available resources, subsequently proposing a criterion for equilibrium selection within the original symmetric game, rooted in robustness apropos a slight asymmetry in resources.

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This dissertation delineates the pivotal role of US ethnic scientists and entrepreneurs in the paradigm of international technology diffusion. The inaugural chapter embarks upon an exploration of the transmission of tacit knowledge pertaining to novel innovations via ethnic scientific communities within the United States and their correlative linkages to their respective countries of origin. Ethnic research communities within the US are quantitatively discerned by the application of an ethnic-name database to individual patent records. An examination of international patent citations substantiates the premise that knowledge is diffused through ethnic networks, engendering a consequent amplification in foreign countries' manufacturing output with an elasticity proximate to 0.3, concomitant with strengthened scientific integration with the US technological frontier. Addressing potentialities of reverse-causality, reduced-form specifications leverage exogenous shifts in US immigration quotas. Consistent with a model foregrounding sector reallocation, output growth in less developed economies is underscored by employment augmentations, whilst more developed economies witness pronounced escalations in labor productivity. These findings illuminate the notion that channels of tacit knowledge partially mold the effective technology frontiers within developing economies.

The subsequent chapter leverages the heterogeneous technology diffusion through ethnic networks to scrutinize the significance of Ricardian technology disparities within the framework of international trade. Panel regressions attest to the phenomenon wherein technological growth fosters an increase in manufacturing exports. To substantiate a causal nexus between technology and trade, instrumental-variables specifications exploit the asymmetrical technology diffusion from the US through ethnic scientific networks. The instrumented elasticity of export growth relative to the exporter’s technological advancement registers at 0.9 within the preferred specification. Ancillary specifications affirm this elasticity’s robustness, even when controlling for the importing nation's technological progression and the Rybczynski effect attributable to factor accumulation. Exogenous metamorphoses of US immigration law are again employed to assay for reverse causality, with findings indicating that technological variances constitute a paramount determinant of trade patterns.

Complementing these initial studies, the third chapter proffers an in-depth documentation regarding the strategy of ethnic-naming, applied to US patent records. It highlights the burgeoning contribution of Chinese and Indian scientists to US technological formation, particularly within high-tech industries, and further characterizes the institutional and geographical dimensions of US ethnic innovation.

In conclusion, the fourth chapter unfolds as an autonomous study exploring income inequality, conjoined with social norms pertaining to compensation differentials and governmental redistribution initiatives. This investigation underscores that short-term alterations in social norms do not exacerbate income inequality shocks, such as those concomitant with skill-biased technological change.

MIT\_Dept. of Economics.\_1284

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This thesis amalgamates three essays, navigating through the spheres of economic development and experimental economics. Chapter 1 elucidates experimental evidence delineating the paradigms through which Thais engage with information, pivoting between domestic and international sources. Engaging Thai students with a sequence of objective general-knowledge inquiries — both pre and post-observation of responses provided by their American and Thai counterparts — facilitates an exploration into the evaluative processes that inform their subsequent answer revisions. Through an analytical lens focused on answer-updating tendencies post observation, it becomes feasible to ascertain the weighted considerations attributed to the participants’ original answers, juxtaposed against the American and Thai responses they observe. Consonant with preceding studies, the findings manifest a notable trajectory of overconfidence among Thais, evident in the disproportionate weighting of their preliminary answers. Notwithstanding this overconfidence, the comparative weight apportioned to the American responses, vis-a-vis those proffered by fellow Thais, remains, in a preponderance of instances, statistically coherent with the optimal solution. Furthermore, the experimental design affords a dichotomous exploration into potential explanatory frameworks: one positing a subject overestimation of American answer precision, counterbalanced by a failure to acknowledge the value of independence, and an alternative hypothesis, which contends an apt subject recognition of relative group accuracy and an appreciation for informational autonomy. The evidential data eschews the former hypothesis, aligning more seamlessly with the latter.

Chapter 2 disseminates the outcomes of an experiment aimed at discerning the presence of an information endowment effect. Where experimental indications have highlighted that an individual, when endowed with tangible goods — such as a coffee mug or chocolate bar — predicates a sale on a substantially higher price than an unendowed individual might proffer for acquisition, this study elucidates a non-analogous phenomenon when the endowment is informational in nature. The resultant data implies an endowment effect that is primarily operative upon preferences, offering minimal impingement upon judgment.

In the concluding Chapter 3, my co-author and I employ econometric methodologies to curate a dataset, enabling a more nuanced identification of poverty and inequality strata within varied Thai regions. We substantiate the potential of our findings to finetune policies aimed acutely at impoverished households, offering a resource that not only delineates the economic landscapes of these regions but also underscores the pervasive inequalities therein, thereby informing and refining targeted developmental policies.

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This dissertation is an assemblage of three empirical essays delving into the intricate realms of economic development and finance, investigating multifaceted dimensions of political influence, bank ownership structures, and historical economic practices in distinct geographical and temporal contexts.

Chapter 1 navigates through the interplay between political machinations and the lending decisions of government-owned banks, scrutinizing whether governmental resources are strategically mobilized to secure electoral objectives. The prevalent theories of electoral competition proffer predictions regarding political resource allocation maneuvers to ensure election victories, namely through pre-electoral proliferation of resources and meticulously targeted disbursements in electorally contentious districts. The empirical findings herein affirm a substantive manipulation in agricultural lending by governmental banking entities, with credit disbursements exhibiting an upward surge preceding election years and accentuating in districts where previous electoral margins were slender. Notably, this politically oriented distortion in lending practices incurs a tangible cost: while repayment rates exhibit electoral cyclicality, agricultural output remains unaffected.

In the subsequent Chapter 2, the thesis subjects theories of public and private bank ownership to empirical scrutiny. Employing a regression discontinuity design, the chapter explores the 1980s Indian governmental initiative of selectively nationalizing private banks, juxtaposing their subsequent trajectories with those banks that remained privately held. Findings elucidate that government-owned banks not only experienced attenuated growth but also exhibited an enhanced lending propensity towards the agricultural sector. In contrast, credit markets across India portrayed discernible discrepancies in outcomes: villages served by nationalized banks witnessed a notable augmentation in agricultural and overall credit, albeit at diminished interest rates, in comparison to their non-nationalized counterparts. Notwithstanding, this incremental credit failed to engender tangible improvements in agricultural outcomes and ostensibly exerted an adverse impact on employment within trade and service sectors.

Chapter 3 shifts the analytical focus towards the economic mechanisms underpinning manumission, a process by which a slave procures her own emancipation. Through a lens focusing on freshly collated data from Louisiana, the chapter first delineates both a qualitative and quantitative panorama of manumission practices. Subsequently, it endeavors to ascertain whether slaves securing their own freedom were subjected to above-market prices. Exploiting legal alterations ensuing from the Louisiana Purchase, the chapter infers a pivotal role of manumission laws in shaping the conditions under which manumission agreements were forged: a stark decline in manumission instances was witnessed concomitant with a surge in prices paid, subsequent to slaves being divested of the legal right to sue for self-purchase at market prices. Consequently, the essays herein weave a coherent narrative through distinct yet interrelated domains of economic development and finance, illuminating underlying mechanisms, consequences, and multifaceted dynamics therein.

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This dissertation meticulously explores the comprehensive restructuring of the U.S. Department of Veterans Affairs health care system, utilizing this substantial transformation as a paradigm through which various inquiries regarding publicly-provided health care are addressed. The revamping of the VA health care system entailed the implementation of a capitated payment system and assimilation of treatment methodologies congruent with the managed care model, concomitant with a significant broadening of the population demographic eligible for VA care.

In Chapter One, a dual-faceted analysis is conducted, focusing firstly on the efficiency of administering public health care within a managed care framework and secondly, on the efficacy of extending health coverage to demographically healthier and financially wealthier populations. My estimates elucidate that 35 to 70 percent of the incremental adoption of VA care can be attributed to individuals forsaking private health insurance. Although a surge in the utilization of services is discerned, estimates proffer no evidence indicative of net improvements in health outcomes. Regions that extended care to the healthier, newly-eligible veterans experienced notable diminutions in hospital care, coupled with augmented outpatient services for previously eligible veterans, a transition which may elucidate the observed aggregate decline in health.

Chapter Two pivots to scrutinize the repercussions of introducing a VA-sponsored drug benefit on Medicare-eligible veterans. The findings intimate that while the drug benefit did not modulate the quantity of drug consumption, it did instigate an elevation in expenditure and precipitated a redistribution in fiscal responsibility for prescriptions. The introduced benefit seemingly exerted a more pronounced impact on individuals in lower-income brackets and proffered suggestive evidence of ensuing positive health impacts, a phenomenon which could ultimately prove to be economically efficacious in a longitudinal perspective.

Lastly, Chapter Three exploits the alteration in government health care coverage for veterans as a conduit to explore whether employer-provided insurance engenders inefficiencies within the labor market, and to what extent such inefficiencies might be mitigated through the expansion of public health insurance programs. The chapter scrutinizes the influence of health care coverage on labor force participation and retirement, juxtaposing veterans and non-veterans in the temporal contexts preceding and succeeding the VA expansion. The results illuminate a notable propensity for workers to withdraw from the labor force consequent to becoming eligible for public insurance, in addition to exhibiting an increased likelihood of transitioning to part-time employment.

Conclusively, this thesis weaves a sophisticated tapestry through multifarious facets of public health care provision, delineating both the palpable and latent consequences of systemic restructuring and policy shifts, thereby contributing to the corpus of knowledge regarding the interplay between public health initiatives and socio-economic dynamics.

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This dissertation proffers an analytical exploration into the structural demand model for prescription drug benefits by Medicare beneficiaries, employing data derived from the Medicare Health Maintenance Organization (HMO) program, and subsequently leverages utility parameter estimates to delve into pertinent queries regarding the elderly demographic's demand for prescription drug benefits.

Chapter 1 engages in a scrupulous analysis concerning the valuation of prescription drug benefits by Medicare beneficiaries. Utilizing data procured from the Medicare HMO program, it is discerned that beneficiaries exhibit a willingness to remit $33 to enhance their brand-name coverage limit by $100. Additionally, marginal costs for each HMO are estimated and regressed on prescription drug benefits, revealing that an augmentation of brand-name coverage by $100 incurs a cost of $30. These computations infer that Medicare HMO enrollees, ostensibly below-average prescription drug utilizers, provide a lower boundary regarding the welfare derived from prescription drug benefits by the elderly populace.

Chapter 2 directs its investigative lens towards elucidating how the choices pertaining to premiums and benefits by Medicare HMOs impact selection. Variations in demographic factors (a gauge of risk predicated upon beneficiaries' characteristics) and risk scores (a metric founded upon beneficiaries' inpatient diagnoses) in the fee-for-service sector are regressed upon alterations in premiums and benefits within the HMO sector. The emergent data reveals that elevations in premiums and diminutions in benefits elevate the demographic factor whilst exerting no influence upon the risk score. This intimates that beneficiaries encompassing more financially burdensome demographic categories extricate themselves from HMOs when premiums escalate and benefits attenuate, albeit these beneficiaries maintain a status of healthfulness commensurate to their demographic category.

Concluding with Chapter 3, the dissertation measures the welfare loss resultant from the withdrawals from the HMO program following the enactment of the Balanced Budget Act of 1997, utilizing the utility parameter estimates previously established in Chapter 1. The legislative modifications to the Medicare HMO program engendered by the Balanced Budget Act precipitated numerous plan withdrawals from the program. Under the scrutiny of two counterfactual scenarios, welfare and costs are calculated. The findings unveil that the Medicare HMO program confers more welfare than costs, and that the withdrawals culminated in a societal net loss. The loss estimates oscillate between $4.3 billion and $16.6 billion.

In summation, this thesis interweaves a sophisticated analytical narrative through various facets of Medicare beneficiaries' demand and structural models for prescription drug benefits, providing an enriched understanding of their implications and interactions with legislative shifts, thereby contributing a nuanced perspective to the discourse on public health economics and policy formulation.

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This dissertation embarks upon a meticulous exploration of institutions and economic growth through the lens of three theoretical essays, unearthing the nuanced interplay between institutions, particularly emphasizing ethnicity, and their subsequent impact on economic trajectories.

In the inaugural chapter, attention is bestowed upon the institution of ethnicity – a critical and often contentious entity within the economic underdevelopment narrative. By judiciously crafting a model wherein groups materialize endogenously, facilitating cooperation among members amidst a prisoner's dilemma scenario, this research contemplates the sustenance of trust through intra-group monitoring, juxtaposed against the Nash equilibrium of trade within an anonymous market. The optimal dimensions of a group are judiciously balanced between the advantageous economies of scale and the encumbrance of mitigated capability to discern deception. Inter-group antipathy, furthermore, may augment the enforcement of trusting rapport within its respective members. Despite the potential optimal formation of groups, an equilibrium could perpetuate inefficiencies.

Chapters 2 and 3 navigate through the distributive consequences of technical change within a human capital model, conscientiously differentiating between general skills, applicable across technological vintages, and specific skills, tethered to a distinct vintage. The second chapter promulgates a model delineating slow technology diffusion. Within developing nations, this diffusion transpires as a "dual economy," where a progressively enlarging fraction of the workforce engages with modern technology, leaving the remnant with traditional methodologies, thus evading the utilization of intermediate technologies. The transitional phase witnesses a diminution in the wages of specific-skill workers as general-skill workers disproportionately permeate the modern sector. The model’s adaptability is further evidenced through its applicability to technological diffusion in developed nations.

The third chapter posits a pivotal query regarding the shift in the nature of technical change - transitioning from predominantly deskilling in its incipient stages to manifesting a skill-bias in the contemporary era. Rather than adhering to conventional explanations that spotlight technological modifications, this elucidation proffers that alterations within the skills themselves wielded significant impact. High-skill workers navigate towards investing in specific skills amidst slow technical change and pivot towards general skills when technical evolution accelerates. This culminates in a U-shaped relationship between the rate of technical change and the skill-premium. Furthermore, a low rate of technical change hallmarks an unskill-intensive modern sector, which inversely becomes skill-intensive when technological advancement accelerates. The model’s predictions are subsequently juxtaposed with historical experiences, offering a profound analysis of its veracity.

Through a rigorous amalgamation of theoretical modeling and historical analysis, this thesis elucidates the intricate and multifaceted relationships between institutions, technological diffusion, and skill development, providing an enriched, analytical narrative pertinent to the discourse on economic development and growth.

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This dissertation proffers a meticulously crafted set of functional relationships, intertwining the intricacies of energy dynamics with economic phenomena, establishing a hitherto unexplored comprehensive linkage. This inquisition into the profundity of the energy-economy nexus poses seminal questions: the depth of the interrelation between energy and economy and the pivotal role energy consummately plays in economic proliferation. Driven by an aspiration to elucidate explicit functional insights, the theoretical framework of energy’s role is first sculpted and subsequently scrutinized through empirical models, deploying data spanning 16 OECD countries from the temporal bracket of 1980 to 2001.

Initially, the findings underscore energy as a cross-country representative good, wherein its prices, upon conversion to a reference currency, are harmonized, thereby adhering to the principles of purchasing power parity. Apart from a singular country, the half-life of the real energy exchange rate materializes as less than a year, plummeting to as low as six months, exhibiting a temporal brevity in stark contrast to those derived through alternative real exchange rate measures.

Subsequently, perceiving energy as a cross-time representative good engenders the deduction that a country’s utility function is inversely proportional to both its energy price and the income share thereof. Moreover, an explicit, unified, two-dimensional production function – transversing both countries and time – with energy and non-energy inputs is derived.

Consequently, a cross-country parity relationship for income shares of energy is deduced, paralleling that of energy prices, further forging an intertemporal linkage between the evolution of the energy income share and the economic productivity growth trajectory.

In a concluding synthesis, the dissertation delineates the trade-offs between energy efficiency and economic well-being, casting energy prices as the intermediating conduit for such trade-offs. The functional roles of energy, as demarcated within this research, avail themselves to applications in framing extant, global-scale, energy-relevant dilemmas, contributing to the enriched dialogues within economic and energy policy spheres, and providing a scaffold for further empirical explorations in the field.

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This dissertation meticulously explores diverse dimensions enveloping international capital flows through a compilation of three distinct yet interlinked chapters. Chapter 1 underscores the pivotal role of innovations within the investment opportunity set, articulated through alterations in expected asset returns, in explicating the dynamics of international capital flows. It particularly delves into the repercussions of temporally fluctuating portfolio shares upon the rhythm of the current account. A partial-equilibrium model of the current account, infused with dynamic portfolio choices, serves as the foundation for predictions that are empirically evaluated utilizing data pertinent to the U.S. and Japan. The chapter elucidates that oscillations in investment opportunities pivotally redirect agents' optimal portfolios, aligning coherently with actual bilateral current account movements.

Chapter 2 judiciously navigates through two interrelated queries concerning international investment and the accessibility to international capital markets. Initially, it probes whether the structural metamorphosis discerned within the U.S. mutual fund industry—gravitating towards augmented "aggregation" (preferring globally-investing funds over those dedicated to specific countries or regions)—resonates with impacts upon firms in disparate countries. Subsequently, it explores whether investors inadvertently relinquish gains derivable from international diversification, as they pivot towards more globally-oriented funds. The empirical evidence unveiled substantiates affirmative responses to both posited questions, highlighting nuanced connections between investment structuring and international capital flows.

The third chapter delves into exploring the relationship between information asymmetries and the mandate of institutional investors. The findings suggest a significant divergence in information asymmetries across varying institutional investor mandates, with a notably enhanced prominence manifesting in funds characterized by broader mandates.

Collectively, this dissertation unfolds a multifaceted exploration into international capital flows, offering invaluable insights that intertwine theoretical predictions with empirical validations, thereby enriching the contemporary discourse in international finance and investment.

MIT\_Dept. of Economics.\_1441

This dissertation meticulously explores the causal repercussions of the Community Reinvestment Act (CRA) and the Government-Sponsored Enterprises (GSE) Act, legislations mandating banks and GSEs (specifically, Fannie Mae and Freddie Mac) to enhance credit accessibility for low-income households and neighborhoods, on mortgage supply. Employing discontinuities embedded in the laws' eligibility stipulations as a lens to identify their respective impacts amidst the rapidly evolving financial markets post the early 1990s, this investigation leverages a comprehensive census of mortgage applications, amassed under the aegis of the Home Mortgage Disclosure Act, to underpin its analyses.

In the initial segment of this exploration, the impact of the CRA on mortgage lending within designated neighborhoods – specifically, census tracts delineated by a median family income (MFI) beneath 80% of Metropolitan Statistical Area (MSA) MFI – is dissected. Regression discontinuity (RD) estimates intimate a discernible credit supply augmentation, approximating at least $6 billion (adjusted to 2007 values) between 1994 and 2002 within these targeted environs. Beyond the direct influence of the CRA on bank lending, the research also unveils an intriguing 'crowd-in' phenomenon among unregulated institutions within these demarcated tracts, an occurrence hypothesized to emanate from information spillovers resultant from amplified bank lending.

Subsequent analyses, articulated in Chapter 2, illuminate the CRA’s influence on home purchase mortgage lending to demographics possessing incomes languishing below 80% of the MSA MFI. A consistency pervading Chapters 1 and 2 emerges in the revelation that the impact of the CRA is predominantly palpable within the largest MSAs, locales where enforcement is markedly vigorous. RD estimates allude to the CRA inducing a 6% surge in substantial MSA bank home purchase lending at the threshold. Contrasting Chapter 1, no theoretical framework for crowd-in exists in this context and empirical findings corroborate its absence. Similarly, evidence negating banks crowding-out unregulated entities is presented.

The concluding analyses explore the repercussions of one of three objectives stipulated under the GSE Act, whereby the GSEs target census tracts with MFI beneath 90% of MSA MFI. RD estimates postulate that this objective engendered a 3-4% increment in GSE purchases and amplified GSE-eligible originations by 2-3% at the demarcation. Divergent from antecedent research, no evidence substantiating the GSEs crowding-out FHA and subprime loans is found. This precipitates implications indicating a lower boundary of the goal’s impact, approximating $2.4 billion, over the temporal expanse from 1997 to 2002.

In totality, this dissertation proffers a nuanced exploration into the intricate interplay between legislative mandates and mortgage supply, weaving through the multifaceted impact of the CRA and GSE Act, and elucidating their respective influences amidst shifting financial landscapes and socio-economic demarcations.

MIT\_Dept. of Economics.\_1515

This dissertation delves into the intricate economics of technology adoption within the healthcare sector, weaving through a comprehensive examination of the confluence between health information technology (HIT) and the caliber and intensity of healthcare, particularly as it pertains to Medicare inpatients.

In the inaugural chapter, the focus coalesces around an analytical exploration into the ramifications of HIT adoption on patient health outcomes and subsequent medical expenditures, through the formulation of an organizational model. Utilizing Medicare claims data spanning from 1998 to 2005 and scrutinizing a substantial dataset of 2.5 million inpatient admissions across 3,900 hospitals, the inquiry harnesses variation in hospitals’ HIT adoption timelines to ascertain its effects. Preliminary findings illustrate an immediate 1.3% escalation in billed charges post-HIT implementation, and intriguingly, the impact of HIT on various quality of care metrics, such as patient mortality, medical complication rates, adverse drug events, and readmission rates, appears to be inconsequential. Notably, these outcomes persistently withstand the incorporation of robust controls for pre-adoption trends, yielding the inference that, over a five-year span post-adoption, HIT does not correlate with enhancements in either the efficiency or quality of hospital care for Medicare beneficiaries.

The subsequent chapter propels the analysis towards an investigation of the potential for physician learning concerning the utility and applications of emergent medical technologies across disparate geographic locales. The analytical lens is oriented towards the diffusion of positron emission tomography and deep brain stimulation, employing Medicare claims data from the identical temporal span of 1998 to 2005. It unveils a notable metamorphosis in the assortment of patient diagnoses treated with these nascent technologies during their early diffusion stages, while concurrently revealing that states lagging in adoption do not mirror the experimental learning trajectory executed by their early-adopting counterparts, particularly in discerning appropriate patient recipients for the novel treatments.

The concluding chapter pivots towards a meticulous analysis of myriad policy initiatives, crafted to manage the utilization of medical technologies, whilst also articulating pivotal determinants of technology adoption that may emerge as potent foci for ensuing research and policy interventions. The narrative underscores the imperative for a judicious technology policy, which adeptly negotiates between cost containment and an acknowledgment of the profound health and longevity advancements affiliated with novel medical technologies. The analysis reveals that extant Medicare coverage determinations and state certificate of need programs ostensibly wield minimal influence over tangible resource utilization, a phenomenon partially attributed to the enfeebled enforcement of prevailing policies.

Collectively, this dissertation delineates a nuanced, empirical exploration into the economics of technology adoption in healthcare, synthesizing extensive analyses with pragmatic policy considerations, to sculpt an enriched understanding of the dynamics at play in this pivotal domain.

MIT\_Dept. of Economics.\_1516

This dissertation, through a trilogy of essays, meticulously explores the realms of information, decision-making, and health, converging on the relationship between empirically observed consumer choices and those hypothetical decisions that would be rendered under a paradigm of “full information”.

In the initial essay, the focus is concentrated on deciphering whether consumers judiciously incorporate health information into their food consumption decisions. The principal methodology revolves around determining the implicit Value of a Statistical Life (VSL) within food consumption decisions, subsequently juxtaposing this value with erstwhile VSL estimations from alternative contexts. A salient finding emerges: the VSL deduced from food consumption approximates to merely one-tenth of the estimates derived from disparate contexts. Furthermore, the essay delves into the normative implications under the supposition that VSL estimates from other contexts mirror how individuals would comport if they were “fully informed”. Additionally, it ponders upon the type of evidence that might bolster such a presumption.

The second essay, jointly authored with Jonathan Gruber, navigates analogous terrain, but in the milieu of health care plans. While the initial essay normatively presupposes that consumers should ascribe equal value to years of life irrespective of the source (e.g., the consumption of healthier foods or mitigating risks of occupational fatality), the second posits that consumers should equivalently value a dollar of cost savings, whether it materializes through premiums or out-of-pocket expenditures. This normative stipulation is subsequently employed as a lens through which to evaluate the aptness of consumer choices. The analysis unfurls within the context of the Medicare Part D Prescription Drug Plan, representing one of the most pivotal privatizations in the delivery of a public insurance benefit in recent history.

In the culminating essay, the examination transcends into a general equilibrium framework, contemplating the conditions wherein the partial equilibrium welfare analyses enacted in the first two essays can be extrapolated into an environment where prices and product characteristics endogenously respond to demand oscillations. Specifically, it derives conditions under which augmenting information propels welfare enhancements in a general equilibrium, while judiciously considering the endogenous responses of firms’ pricing and product quality strategies.

Collectively, this dissertation endeavors to sculpt a richly nuanced, empirically-grounded exploration into the dichotomy between observed consumer choices and those enacted under a utopian paradigm of comprehensive information, threading through various health-related contexts and engendering significant implications for both theoretical perspectives and policy implementation.

MIT\_Dept. of Economics.\_1517

This dissertation delves into the intricate interplay between macroeconomic risks and asset prices, exploring multifaceted dimensions through empirical and theoretical analyses across three distinct yet interrelated chapters.

In the inaugural chapter, a meticulous investigation establishes the consequential relationship between inflation risk and the cross-sectional landscape of stock returns. It is posited that stocks, yielding diminished returns in inflationary epochs, invariably command a notable risk premium. The discerned market price of inflation risk emerges commensurate in magnitude to the price of risk for the aggregate market, thus affirmatively identifying inflation as a pivotal determinant of risk within stock cross-sections. The manifested inflation premium eludes explication by either the Fama-French factors or prevailing industry effects. Rather, the premium is hypothesized to germinate from high inflation diminishing expectations of prospective real consumption growth. A consumption-based general equilibrium model is meticulously crafted and deployed to formally validate and scrutinize this hypothesis. This model authentically engenders a price of inflation risk, resonating with empirical estimations while concurrently aligning with the conjoined dynamics of consumption and inflation, the aggregate equity premium, and both the level and slope of the yield curve.

The second chapter, co-authored with L. Kogan and Dmitry Livdan, scrutinizes the correlation between returns on the aggregate stock market and aggregate real investment. Notwithstanding the well-established negative correlation between aggregate investment rate and subsequent excess stock market returns, it is identified that the former exhibits a positive correlation with impending stock market volatility. Consequentially, conditional upon past aggregate investment, a negative mean-variance tradeoff in aggregate stock returns is discerned. This relationship is interpreted within the framework of a general equilibrium production economy, wherein investment is endogenously determined in response to shocks to both productivity and preferences affecting discount rates. Preference shocks, in equilibrium, influentially impact expected stock returns, the aggregate investment rate, and stock return volatility, thereby enabling the model to accurately mirror empirical relationships amongst these variables. This underscores the pivotal role of the time-varying price of aggregate risk in sculpting the dynamics of aggregate investment.

In the third chapter, undertaken in collaboration with S. Parsa, a novel relationship is elucidated between the intrinsic trading frequency of institutional investors - a widely employed proxy for investor investment horizon - and the cross-section of stock returns. It is demonstrated that stocks within the lowest quintile of trading frequency accrue mean returns that are elevated by 6 percentage points per annum relative to those within the highest quintile of trading frequency. Remarkably, the magnitude and predictability of these returns either persist or amplify when risk-adjusted by established indicators of systematic risks, such as the Fama-French, liquidity, or momentum factors. This affirms that the characteristics of shareholders perceptibly influence the expected returns of the securities they possess, thereby substantiating the perspective that investor heterogeneity constitutes a significant facet of asset pricing.

JEL classification: E31, E44, G12.

The dissertation, thereby, proffers substantial contributions to understanding the complex mechanisms underpinning macroeconomic risks, investor behavior, and their consequential impact upon asset prices, weaving empirical findings with theoretical modelings to illuminate the nuanced dialogues between these economic phenomena.

MIT\_Dept. of Economics.\_1518

This dissertation meticulously endeavors to unravel the nuanced "black box" entwining institutions and economic outcomes, deploying a rich tapestry of empirical exploration across three distinct inquiries, albeit unified in their quest to comprehend institutional economic dynamics.

In the inaugural chapter, I delve into the crucial role of mass media as a counterbalance to the influence wielded by special interest groups, explored through an examination of county-level support for U.S. Senate candidates spanning the years 1980 to 2002. Utilizing the concentration of campaign contributions from Political Action Committees as a proxy for the political capture by special interests, I juxtapose voter reactions to escalations in concentration, segmented by two media market types – in-state and out-of-state. Notably, out-of-state media markets predominantly focus on the political landscapes and elections of neighboring states. In alignment with the hypothesis that citizenry penalizes politically exposed capture in the media, my findings illustrate that an augmentation in the concentration of special interest contributions correlates to a diminution in a candidate's vote shares in in-state counties, contrasted with out-of-state counties wherein the candidate garners reduced coverage.

The second chapter, a collaborative endeavor with Daron Acemoglu and Simon Johnson, probes the impact of population growth on the prevalence and intensity of violent conflict. Leveraging the international epidemiological transition inaugurated in the 1940s, we construct an instrument for population changes (Acemoglu and Johnson, 2007) and discern that nations experiencing higher exogenous population increments witnessed proportionally larger escalations in social conflict. Employing a succinct theoretical framework, we interpret these findings as indicatives that a burgeoning population amplifies competition for resources, rendering violence a more probable outcome in instances where institutions are incapable of mitigating the elevated dispute levels.

The concluding chapter posits a pivotal query: acknowledging the ostensibly apparent benefits of property rights in land, why is their adoption not more pervasive? I proffer a theory premised on the notion that elite landowners may endorse limited property rights over peasants' plots, simultaneously serving two objectives. Initially, constrained property rights diminish peasants' income derived from their plots, engendering a cost-effective labor force. Subsequently, they coerce peasants to remain anchored in the rural sector to safeguard their property, even amidst emerging employment opportunities in urban locales. The theory elucidates conditions under which fragile property rights institutions germinate and furnishes a specific mechanism engendering the endogenous perpetuation of inefficient rural institutions.

Together, the chapters weave a coherent narrative, each elucidating distinct facets of institutional economics, thus enriching our comprehension of the intricate, often obfuscated relationships between economic institutions and myriad outcomes in diverse contexts. The journey from scrutinizing the political dynamics of special interest groups through to understanding the socio-economic mechanisms that potentially perpetuate suboptimal institutional structures provides a kaleidoscopic perspective on institutional economics.

MIT\_Dept. of Economics.\_1519

Embarking upon an investigative foray into multifaceted aspects of economic theory and practice, this dissertation meticulously weaves through three distinct, yet inherently interlinked empirical analyses, each elucidating integral facets of economic interactions, structural estimations, and institutional reforms, especially in the realm of developing economies.

In the initial chapter, the discourse navigates through the empirical landscape of bargaining's welfare impacts, particularly accentuating its prevalent role in the retail sectors of developing nations vis-à-vis its sparse existence in developed economies. The ensuing theoretical ambiguity of welfare implications, deriving from potential polarities - bargaining as a benign form of price discrimination facilitating optimal trade, or as a mechanism imposing substantive utility costs upon participants, hence advocating for a fixed pricing structure - necessitates a scrupulous examination. By innovatively crafting a model of repeated trade underpinned by asymmetric information, particularly tailored to the bargaining context, and further sculpting a dynamic structural estimation methodology, the analysis is intricately applied to the local autorickshaw transportation market in Jaipur, India, exploiting data meticulously gathered during 2008-2009.

Chapter two pivots towards a nuanced comparative analysis between production function parameters as estimated via structural methodologies and those garnered through randomized instrumental variables, leveraging a distinctive dataset and field experiment pioneered by De Mel, McKenzie, and Woodruff (2008). Within the framework of a simplistic household firm model, a thorough exploration of the coefficients deduced from each approach, coupled with a critical examination of the assumptions requisite for interpreting those coefficients as structural parameters of the model, is undertaken. The ensuing findings suggest an economic and statistical resemblance between the structural and experimental estimators, which plausibly estimate analogous parameters, intimating that, in certain contexts, structural models may indeed proficiently recapture production function parameters in developing markets’ contexts. This retrieval is paramount for addressing quintessential queries pertaining to firm productivity and capital allocation, especially in scenarios where randomized variations might present identification challenges.

The concluding chapter catalogues a methodical attempt to surmount the impediments inherent in police reform within Rajasthan, India, assessed through a sequence of Randomized Control Trials (RCT). Implementing four reform interventions across a strategically selected group of 162 police stations dispersed over 11 districts - namely, (1) instituting weekly duty rosters with a guaranteed rotational day off, (2) enacting a freeze on police staff transfers, (3) propelling in-service training to refresh skills, and (4) embedding community observers within police stations - the efficacy of these reforms is evaluated utilizing data assimilated from two survey rounds, pre and post-intervention. This entailed police interviews, decoy police station visits, and a pioneering large-scale crime survey, a debut in Indian research. Preliminary results intimate that two interventions, specifically the transfer freeze and training, harbor potential to enhance police efficacy and public perception, whereas the remaining reforms failed to exhibit robust effects, potentially attributable to their partial implementation.

This scholarly exploration thereby crafts a coherent narrative, judiciously navigating through the complexities of bargaining dynamics, structural and experimental parameter estimations, and pragmatic institutional reforms, each chapter contributing distinct, yet interwoven threads to the overarching tapestry of economic theory and application within developing contexts.

MIT\_Dept. of Economics.\_1520

Embarked upon a nuanced exploration within the domain of labor economics, this dissertation unfurls through three judiciously delineated chapters, each meticulously examining discrete facets pertinent to the labor market dynamics, decision-making processes, and incentive structures within educational paradigms.

The inaugural chapter delineates a theoretical construct wherein firms ostensibly under-invest in the hiring of novice workers, predominantly attributed to an inability to fully capitalize on the discernment of emergent talent. A conundrum arises wherein firms, despite incurring costs associated with hiring novices and simultaneously unearthing valuable information regarding their productivity, are unable to monopolize the resultant option value of potentially rehiring prolific novices due to visibility of said productivity to competing entities. Consequently, the tangible benefits of such information revelation accrue predominantly to the worker, engendering a systematic under-investment in novice talent discovery by firms. Validation of the model's pertinence is sought through an empirical foray into an online labor market, wherein 952 workers are recruited at random from a pool of 3,767 applicants for a data entry position, revealing that public observability of performance fortuitously enables novice workers to secure enhanced employment and earnings post the initial hiring phase.

Chapter two pivots, examining the elasticity of students’ college application decisions to marginal variations in the associated costs of transmitting standardized test scores to institutions. Scrutinizing the aftermath of a 1997 adjustment by the ACT, which augmented the quantum of free score reports provided to students, reveals an intriguing dichotomy: a tangible augmentation in the transmission of score reports and applications by ACT-takers vis-à-vis their SAT-taking counterparts, and an expansion in the diversity of institutions to which scores were sent by the former group. The emergent behavior patterns ostensibly defy optimal decision-making paradigms, insinuating a propensity towards heuristic or ‘rules of thumb’ approaches to college application decision-making processes amongst students. The subsequent analytical journey illuminates the potential for modest adjustments in score report transmission costs to yield substantive enhancements in future earnings, particularly amongst low-income students.

The final chapter elucidates the impacts of the Tennessee Education Lottery Scholarships, a merit-based financial aid program aspiring to reward and thus perpetuate high school achievement by availing college financial support. Despite the program not substantively altering students' predilection for in-state college attendance, one of its explicit objectives, a tangible elevation in ACT performance was observed. Thus, it postulates a compelling argument in favor of the efficacy of policies that monetarily reward academic achievement in modulating student behavior and potentially catalyzing enhancements in high school accomplishment.

Interweaving theoretical constructs, empirical analyses, and policy evaluations, the dissertation, therefore, crafts a coherent narrative through the labyrinthine alleys of labor economics, offering perspicacious insights and invoking further contemplation on the dynamics of labor markets, decision-making processes, and the efficaciousness of performance-incentivizing policies within educational contexts.

MIT\_Dept. of Economics.\_1521

This thesis intricately explores the multifaceted dimensions of Kenyan households' engagements with savings accounts and malaria testing and treatment technologies, weaving a rich tapestry of empirical investigation and theoretical modeling within the spheres of strategic savings and healthcare access.

The opening chapter meticulously investigates the potential strategic utilisation of savings accounts within married cohorts. Conceptualising a scenario devoid of commitment mechanisms, it postulates that the availability of a “private” savings apparatus—a singularly accessible financial mechanism—may catalyse individuals to enact strategic savings maneuvers, aiming to strategically sculpt the trajectory of consumption over time. The discourse introduces a model which crystallises this hypothesis, furnishing a set of testable theoretical implications. It posits that dyads wherein spouses are harmoniously aligned with respect to temporal preferences should exhibit an amplified utilisation of conjoint (public) accounts and a mitigated usage of singular (private) accounts, all whilst navigating towards more efficacious investment decisions, especially when juxtaposed against their discordantly matched counterparts. This model informed an empirical exploration through a field experiment in rural Kenya, wherein married couples were provided with opportunities to inaugurate both joint and individual bank accounts at randomly designated interest rates. Observable behaviours within this experimental framework aligned not with ex-ante Pareto efficiency or a range of alternative intrahousehold resource allocation models, but cohered robustly with the proposed strategic savings model, revealing a poignant savings misallocation attributed to strategic behaviours—poorly matched couples in the experiment relinquished at least 64 percent more interest relative to their well-matched counterparts.

The penultimate chapter delves into the ramifications of attenuating transaction costs associated with bank accounts. It scrutinizes the impact of offering complimentary ATM cards—a mechanism reducing withdrawal fees by over 50% and obviating the need for in-person identity verification— to a random subset of new formal bank account holders in Western Kenya. Strikingly, while targeting ATM cards towards joint accounts and those owned by men engendered a substantial augmentation in savings rates and average daily balances, a contrapuntal effect was observed when the intervention was directed towards female-owned individual accounts. This gender-differential impact ostensibly emanates from intra-household bargaining power discrepancies, with positive impacts for men and adverse impacts for women concentrated respectively in households where their bargaining power was above and below the median.

The culminating chapter, co-authored with Jessica Cohen and Pascaline Dupas, navigates through data procured from a randomized controlled trial, embracing over 2,900 households in rural Kenya, to dissect the tradeoffs encountered between the affordability and overuse of effective antimalarials (ACTs). Engaging with a 95-percent ACT subsidy and juxtaposing it against an alternative policy, which propounds subsidized access to both rapid diagnostic tests for malaria (RDTs) and ACTs, the findings underscore that while a 95-percent ACT subsidy facilitates a 60 percent enhancement in ACT access, a mere 56 percent of ACT purchasers at drug shops test positive for malaria. Intriguingly, strategic targeting could be significantly bolstered—without jeopardising access—by tapering the ACT subsidy to 80 percent, yet concurrently introducing an RDT subsidy.

Through the meticulous interplay of theoretical modeling and empirical data, this dissertation crafts an erudite narrative within the economics of household decision-making, concerning both financial and health strategies, offering both incisive insights and fertile ground for future research.

MIT\_Dept. of Economics.\_1522

This dissertation meticulously intertwines three independent essays, converging theoretical and applied realms within econometrics, thus weaving a comprehensive narrative that navigates through the complexities of dynamic games, welfare implications of adverse selection, and robustness of exogeneity assumptions in classical factor models.

The initial chapter embarks upon a thorough analysis of dynamic games, particularly those delineated by continuous states and controls. This segment yields two principal contributions. Firstly, it elucidates conditions under which the payoff function is nonparametrically identified by the discernible distribution of states and controls, showcasing that the identification conditions furnished herein, behold generality that may resonate applicability across an array of potential applications. The pivotal identifying restrictions mandate the knowledge of one of the partial derivatives of the payoff function and necessitate the presence of a component within the state space that permeates the policy function, whilst excluding direct entry into the payoff function. Subsequently, the chapter introduces a two-step semiparametric estimator for the model under scrutiny. The methodology entails nonparametric estimation of the transition densities and policy function in the preliminary step, followed by estimation of the parameters of the payoff function, derived from the model’s optimality conditions, in the sequential step. The chapter furnishes high-level conditions for the nonparametric estimates, securing consistency and v/fn-asymptotical normality of the parameter estimates, concluding with a demonstration that a kernel-based estimator satisfies these prerequisites.

The second chapter, collaboratively authored with Liran Einav and Amy Finkelstein, delves into the examination of the welfare cost of adverse selection within the U.K. annuity market. It promulgates a model of annuity contract choice and commences its estimation employing data procured from the U.K. annuity market, incorporating potential private information regarding mortality risk and heterogeneity in preferences across various contract options. The discourse is focussed on the decision pertaining to the length of guarantee among individuals mandated to purchase annuities. The emergent results indicate that asymmetrical information, particularly along the guarantee dimension, curtails welfare, when juxtaposed against a first-best symmetric information benchmark, by approximately 2 percent of annuitized wealth. Furthermore, it is delineated that mandates, which enforce the selection of the longest allowable guarantee period, possess the potential to actualize the first-best allocation.

The concluding chapter ingeniously develops a test to scrutinize the exogeneity assumptions indigenous to classical factor models, premised upon the fixed interactive effects estimator introduced by Bai (2005). While the explicit formulation of the test is articulated for simple linear models, the chapter employs simulations to rigorously evaluate the test’s performance and explores its applicability to models that embody greater complexity. Moreover, the test is applied to an educational model as an illustrative exemplar.

Embarking upon a journey from theoretical analyses through to practical applications and policy implications, this dissertation presents a comprehensive, multifaceted exploration into targeted dimensions of econometrics, potentially paving avenues for subsequent research and policy discourse.

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This dissertation encompasses three analytical essays, examining the reverberations of public policy on the labor market outcomes, particularly for individuals experiencing disabilities. The narrative intricately intertwines investigations into microfinancing in developing nations, and the impact, both immediate and enduring, of the Americans with Disabilities Act (ADA) on employment and wage paradigms within the United States.

The inaugural essay embarks upon an exploration of a pioneering microlending program, designated for individuals with disabilities, situated in India—a nation where such individuals are egregiously over-represented amidst the utmost indigent strata. Specifically, this analysis casts a lens upon the Indira Kranthi Patham program, initiated between 2002 and 2004, which established over 23,000 self-help groups for people with disabilities in rural Andhra Pradesh. Utilizing a comparative methodology between individuals with disabilities and their non-disabled siblings across treatment and control villages, the investigation unveils that the program ostensibly fostered enhancements in borrowing, education, and asset ownership. Nevertheless, it manifested a negligible to non-existent impact upon labor market participation among the disabled demographic.

Subsequently, the second essay appraises the labor market ramifications induced by the ADA, enacted by the U.S. Congress in 1990, with the intent of ameliorating labor market prospects for the disabled. Utilizing variation within state disability laws and data extracted from two decades of the March Current Population Survey, this essay elucidates that the ADA instigated a transient decline in both weeks worked and labor force participation for disabled individuals, while yielding an inconsequential impact upon these outcomes in the intermediate and protracted duration. The analysis distills a nuanced understanding of the ADA’s repercussions, navigated by the potential debilitation of the ADA's employment provisions by the Supreme Court and provides a meticulously examined trajectory of post-ADA employment trends amidst disabled individuals, amidst alterations in employment provisions and ensuing employer cost recalibrations.

The culminating essay probes into the wage implications elicited by the ADA for the disabled populace. Historically, individuals with disabilities have been subjected to persistently inferior wage structures relative to their non-disabled counterparts. Employing data from the March Current Population Survey and leveraging variations in state disability laws, this essay establishes that the ADA precipitated a longitudinal increment in the weekly wages of disabled individuals—a finding that is susceptible to sample composition fluctuations. Additionally, this exposition unveils that the wage effect incited by the ADA diverges concomitant to educational attainment levels, thereby introducing a layered understanding of the wage dynamics affected by the ADA.

Together, these essays elucidate a comprehensive exploration into the multifaceted dynamics between public policy and labor market outcomes for individuals with disabilities, offering empirical insights that straddle geographical and policy contexts, thereby contributing a robust analytical framework for future policy design and research within the realm of economics and public policy.

MIT\_Dept. of Economics.\_1572

This dissertation elegantly weaves through four meticulously crafted essays, delving into the nuanced dynamics of bargaining and the intricacies of repeated games. Each essay positions itself as a seminal exploration, drawing upon the multifaceted realms of game theory, and behavioral economics, while concurrently introducing innovative analytical frameworks to scrutinize the interactions and strategic decision-making amongst rational players.

In the inaugural essay, an incisive investigation into the utility and potential repercussions of permitting players to craft binding contracts, which delineate the contours of future play in repeated games with long-run players, is embarked upon. Amidst a specified prior over behavioral types, a judiciously modified prior is conceived, maintaining an identical aggregate weight on behavioral types yet presenting an expanded support. Under this adaptation, almost all efficacious, feasible, and individually rational payoffs become accessible within the perfect Bayesian equilibrium. The emanation of reputation effects in repeated games, nuanced by contracts, is revealed to be inextricably tethered to the particularities of the prior distribution over behavioral types, transcending its mere support.

The second essay explores the realm of reputational bargaining, grounded in the assumption of first-order knowledge of rationality. A determinative analysis, that establishes both the portion of surplus a player can assuredly safeguard for herself and the necessitated bargaining posture she must declare to assure this quantum, is rendered. The findings elucidate that this maxmin share of the surplus is considerably ample in relation to the player's preliminary reputation, and the concomitant bargaining posture unequivocally demands this share, augmented by compensation for any prospective delay in achieving accord.

Subsequently, the third essay adeptly scrutinizes the zenith of cooperation that can be perpetuated in sequential equilibrium within repeated games, subject to network monitoring. The pivotal revelation is that the apogee of cooperation can be sustained amidst grim trigger strategies, with the comparative statics on this utmost cooperation level being remarkably tractable. In instances of immutable monitoring networks, a novel concept of network centrality is unfurled, characterizing which players possess enhanced capacities for cooperation and identifying which networks can endorse amplified cooperation.

Concludingly, the fourth essay meticulously examines the quandary of price-setting, encountered by a monopoly, which perennially confronts the option of abstaining from delivering its good subsequent to receiving payment in each temporal period. A characterization of optimal equilibrium pricing and profits is rendered, providing, for durable goods, a lower boundary on optimal profit applicable to any discount factor. Remarkably, as the discount factor asymptotically approaches unity, this bound converges toward the optimal static monopoly profit, presenting a conspicuous contrast to the Coase conjecture.

Collectively, these essays meticulously navigate through the labyrinths of bargaining and repeated games, offering a sophisticated analytical palette, rich in theoretical and practical implications, thereby contributing perspicaciously to the academic discourse in economics, and particularly, to the nuanced understanding of strategic player interactions and decision-making within various game theoretic contexts.

MIT\_Dept. of Economics.\_1587

Embarking on an intricate exploration through the domain of economics, this dissertation meticulously dissects three consequential essays, each unveiling distinct facets of financial behaviors and decision-making paradigms.

In the initial chapter, the dissertation delves into a profound analysis of the elasticity of credit demand in response to various factors: interest rates, the salience of interest rate disclosure, and behavioral nudges, explored within the contextual framework of the Brazilian credit market. Notwithstanding consumer credit regulations mandating lenders to disclose interest rates, a potential loophole is identified wherein lenders circumvent the essence of such regulations, subtlety embedding rates within fine print and accentuating low monthly payments. Through a scrupulous experimental approach, randomizing both contract interest rates and the prominence of interest rate disclosure, the chapter unveils a compelling narrative: a significant portion of borrowers exhibit high rate-sensitivity, irrespective of the conspicuousness of interest rate information in marketing materials, with the exception of high-risk borrowers, who exhibit rate-sensitivity exclusively when disclosure is salient. The chapter also elucidates that borrowers opt for this financing type are amenable to nudges favoring elongated-term plans. However, the financial ramifications of information disclosure, even among high-risk borrowers, are relatively modest, and susceptibility to nudges attenuates as the stakes escalate, revealing an intriguing paradox of consumer sophistication amidst lender obfuscation in Brazil.

The second chapter, emanating from a collaborative endeavor with Leonardo Bursztyn, Florian Ederer, and Noam Yuchtman, excavates into the terrain of peer effects within financial decision-making. Deploying a field experiment in alliance with a financial brokerage, an attempt to segregate and understand channels through which an individual’s financial decisions permeate into his peers’ choices is undertaken. The experimentation meticulously segregates the channels of “social learning” and “social utility”, through strategic randomization of asset possession among peer pairs and the subsequent dissemination of purchase intent and possession outcomes to second peer members. In a compelling revelation, asset purchases in the control group, quantified at 42%, proliferated to 71% amidst the "social learning only" cohort, and dramatically ascended to 93% within the "social learning and social utility" conglomerate, shedding light on the multifaceted dimensions of herding behavior in financial markets stemming not only from social learning but also an intrinsic desire to emulate peer asset ownership.

The concluding chapter, co-authored with Pedro Daniel Tavares, leverages data from a substantial client sample of a preeminent bank in Brazil to dissect the prevalence and financial toll of the “borrowing high and lending low” behavior, amidst a scenario wherein the spread between borrowing and saving rates is a staggering 150% per annum. While it is discerned that a majority of clients encounter at least one day of account overdraft per annum despite possessing liquid assets, the annual quantum of circumventable financial charges astonishingly equates to a mere 0.5% of clients’ annual earnings, on average. Moreover, the chapter elucidates that consumers strategically recoil from such financial behavior when the fiscal implications intensify, highlighting the pivotal role of the rate spread as a determinant of this behavior.

Through the lens of behavioral economics, network externalities, and financial decision-making, this dissertation intricately interweaves empirical findings and theoretical underpinnings, contributing to the expansive tapestry of knowledge within these multifaceted domains, and meticulously deciphers the complex choreography of economic actors within varied financial landscapes.

MIT\_Dept. of Economics.\_1588

This dissertation elucidates compelling narratives across three chapters, each embedded with intricate explorations pertaining to physician practices and the diffusion of pharmaceutical innovations within distinct geographical and regulatory contexts.

The inaugural chapter embarks on a meticulous exploration of the geographic variations in physician practice styles, interrogating the duality of physician-specific factors - encompassing preferences and learned behaviors - vis-à-vis environmental-level constituents such as hospital capacity. Leveraging the phenomenon of cardiologist migration across disparate regions, it is discerned that physicians, notwithstanding their initial regional uniformity in practice, exhibit stark divergences in their medical practices subsequent to geographical transition. The foundational inference derived herein stipulates that the environmental impetus on physician behavior is substantively pivotal, gauged to be twice as influential as physician-specific elements. A nuanced detail is further extrapolated: a one-percentage-point alteration in the practice environment triggers an immediate 2/3 percentage point modification in physician behavior, steadfast with no subsequent fluctuations over time.

Chapter 2, conjoined with the intellectual contributions of Leila Agha, traverses the landscape of new cancer drug diffusion, positing a critical examination on the influence exerted by physician investigators spearheading clinical trials. The core premise navigates through exploiting variations amongst drugs pertaining to the geographical locales of clinical trials, aiming to discern whether proximate geography to a principal investigator catalyzes the velocity of technological adoption. Harnessing original data spanning clinical trial study authors and sites for 21 novel cancer drugs, conjoined with Medicare claims data enveloping the period 1998-2008, estimations denote a 30% elevated likelihood of patients procuring treatment with a new drug upon seeking care within the hospital referral region cognizant with the drug’s principal investigator. A temporally bound effect is unveiled, predominantly discernible within the initial biennial period post-FDA approval, and gradually dissipating until a nullified distinction in utilization is apparent after four years.

The culminating chapter, also a collaborative endeavor with Leila Agha, ventures into the domain of prescribing new cancer drugs for off-label (non-FDA approved) indications, thereby surfacing three pivotal findings. Initially, it is identified that over 20% of new cancer drug utilization within the Medicare populace during 1998-2008 was administrated for off-label cancers. Subsequently, the geographical proximity to a principal investigator leading a drug’s pivotal clinical trial—though ostensibly a significant catalyst for on-label usage—does not perceptibly influence off-label prescribing. Lastly, it is revealed that prescribing experiences an upsurge following FDA approval expansions, intimating that approval status exerts a tangible influence on patient treatment and, ergo, may wield utility as a policy instrument directing the adoption of medical technology.

Through its multifaceted explorations, this dissertation seamlessly interweaves empirical analyses with theoretical insights, contributing to the expansive academic tapestry elucidating the realms of physician practice behaviors and pharmaceutical technology dissemination within varying geographic and regulatory confines.

MIT\_Dept. of Economics.\_1589

In this dissertation, the multifaceted behaviors of industrial firms within the Indian electrical market, locational decisions, and environmental regulation are meticulously explored, entwining complex market mechanics with regulatory frameworks.

The initial chapter delves into an intricate examination of the competitive repercussions engendered by transmission infrastructure within the Indian day-ahead electricity market, postulating a pivotal inquiry into the degree to which transmission constraints might amplify local market power through circumscribing competition across diverse regions. The investigation discerns that bidders, situated within import-constrained regions, exhibit a propensiveness to escalate bid prices in response to congestion. The exploration further embraces a simulation of the effects of mitigating transmission constraints, employing a structural model of power-market bidding. Notably, the welfare augmentation resultant from infrastructural expansion manifests as substantive when considered as a share of market surplus, predominantly attributed to the strategic recalibrations of bidders within a progressively integrated market context.

The subsequent chapter unfolds an exploration into the phenomenon of manufacturing activity agglomeration within India, revealing a spatial agglomeration of the industry, comparably resonant with observations within the United States and potentially marginally elevated. A thorough analysis identifies that all Marshallian forces - encompassing linkages in goods, labor, and ideas between industries - wield significance in industrial colocation. The preeminent predictor of coagglomeration patterns is discerned to be the engagement of similar workers, underscoring a critical element within the spatial dynamics of industrial distribution.

Conclusively, the third chapter, co-authored with advisors Esther Duflo and Michael Greenstone, and Rohini Pande, embarks upon an empirical exploration into the impacts of auditor independence on the reliability of third-party environmental auditor reports and the regulatory compliance of the audited firms, employing a field experiment as the methodological framework. The findings illuminate that a reformed audit system, characterized by random auditor assignments to plants, comprehensive monitoring, and the provision of incentives tethered to accuracy, substantially enhances the precision of auditor reporting, as validated by independent backchecks of veritable pollution levels. Additionally, it is observed that treatment plants, subjected to intensified scrutiny under the reformed audit system, exhibit a reduction in pollution output relative to the control group, offering critical insights into the efficacy of audit system reforms.

Through a lens of rigorous empirical analysis and theoretical exploration, this dissertation seeks to weave a nuanced tapestry of understanding, providing substantive insights into the complex interplay between industrial firms, electrical market dynamics, locational choice, and environmental regulatory adherence within the Indian context.

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This dissertation scrutinizes the intricate relationship between fiscal policy and elections, unraveling the nuanced interplays and consequences embedded within political and economic processes.

Chapter 1 inaugurates the dissertation by weaving an encompassing tapestry that synthesizes the theoretical and empirical discourses to be further delved into within the succeeding chapters, laying a foundational framework for the intricate investigations that ensue.

Subsequently, Chapter 2 meticulously explores the interconnection between local and non-local public expenditures, discerning the myriad ways through which they become interlinked within the political process. A particular emphasis is tendered to the role of voter composition within localities, providing a lens through which the impacts of suburbanization on expenditures can be rigorously examined. This exploration seeks to elucidate the mechanisms through which localized voter demographics influence the trajectory and magnitude of both local and non-local governmental expenditures.

In Chapter 3, the validity of the median voter result is rigorously interrogated, particularly in scenarios where voter turnout is permitted to be contingent upon policy platforms. When entwining the dynamics of endogenous turnout, the existence of multiple equilibria may be discerned, or alternatively, a proclivity to shift policy platforms away from the median and towards the mode of the voter distribution may be observed. This investigation endeavors to parse the complexities and potential implications arising from policy and turnout interdependencies within the political milieu.

Finally, Chapter 4 scrutinizes the intersection between presidential elections and economic landscapes, identifying a pattern wherein Democratic election victories are frequently succeeded by economic buoyancy relative to their Republican counterparts. However, the instrumentality through which presidents might wield influence over the economy remains elusive and warrants a thorough exploration. Consequently, this chapter delves into an investigation of the role of fiscal policy as a potential mediator elucidating the linkage from elections to economic outcomes. The findings illuminate merely a circumscribed role for fiscal policy in this intricate interplay, offering a nuanced perspective upon the machinations linking political victories to economic trajectories.

Through a methodical exploration of these domains, this dissertation crafts a nuanced analytical narrative, seeking to enhance the understanding of the multifaceted relationships and mechanisms binding fiscal policy, voter behavior, and electoral outcomes within a structured political and economic context. This exploration not only sheds light upon theoretical paradigms but also endeavors to tether them to empirical realities, providing a comprehensive view that straddles theory and practice within the realms of fiscal policy and electoral dynamics.

MIT\_Dept. of Economics.\_1620

Embarking upon a rigorous exploration of the dynamics between information, earnings, and individual comportment, this dissertation unfolds through three empirically rooted investigations, each disentangling the nuanced interplays inherent in behavioral economics.

In the inaugural essay, the intricate effects of information pertaining to the quality of antecedent performance on contemporaneous performance evaluation are meticulously examined. Utilizing a model of statistical discrimination—adroitly adapted to envelop a signal denoting whether prior performance has transcended a particular criterion—the investigation leverages a regression discontinuity design alongside a policy alteration at the United States Military Academy concerning the depiction of academic awards on cadet uniforms. Scrutinizing the signaling effects of an award indicative of Dean’s List placement, it is ascertained that a substantive impact is observed on senior year GPA, quantified as an enhancement of 0.05 grade points.

The second essay navigates through the waters of the correlation between male economic conditions and female marriage rates. To circumvent potential pitfalls associated with endogeneity and spurious correlation, the oil boom and bust in Texas spanning 1970 to 1990 is judiciously employed as an instrument for average male earnings within Texas counties. The findings delineate that a 10% augmentation in male earnings catalyzes a 15% escalation in the hazard rate of marriage among previously unmarried young women—a figure that does not substantively underscore a notable contribution of alterations in male economic status to the historical decline in marriage rates.

In the concluding essay, an examination is conducted into the manner in which pay spreads within tournament compensation schemes potentially act as a catalyst, propelling higher-ability individuals towards tournaments characterized by wider pay spreads. Exploiting variations in the promotion rates across diverse military occupations—arising consequent to the 1990s’ Army downsizing—modest evidence is discerned that soldiers of higher ability exhibit a heightened propensity to reenlist when confronted with elevated effective pay spreads.

Through a lens that seamlessly merges theoretical rigor with empirical scrutiny, this dissertation seeks to elevate understanding of the multifold relationships amongst information, earnings, and individual behavior, delivering nuanced insights that reverberate within the corridors of applied economic theory and policy formulation. This exploration, thereby, contributes to the broader economic discourse, navigating through domains of performance evaluation, marital economics, and incentive structures within competitive frameworks, providing a rich tapestry of insights into the dynamism of socio-economic behaviors.

MIT\_Dept. of Economics.\_1625

This dissertation synthesizes three essays elucidating the intricate relationships among education, health, and family structure within the context of developing countries.

The initial essay delves into the ramifications of the AIDS epidemic on children’s educational trajectories in Kenya, leveraging the empirically substantiated correlation between male circumcision—or the lack thereof—and HIV prevalence. The Luo ethnic group, typically non-practitioners of male circumcision, witnessed a considerable escalation in HIV prevalence rates from 1993 to 1998. This investigation reveals a concomitant surge in orphan rates and a decline in educational attainment among children within this demographic, outcomes not ostensibly attributable to alternative variables such as political influence shifts of the Luo or mean reversion.

In the second essay, the impact of sibling gender composition on educational outcomes is scrutinized within the Tanzanian context. Empirical estimates indicate a notable influence of sibling sex composition on educational attainment: 14-year-old children with three sisters demonstrate a 24 percentage point diminished likelihood of completing primary school (7th grade) subsequent to completing the 6th grade, and an 8.4 to 9 percentage point reduced probability of overall primary school completion, compared to counterparts devoid of sisters. The presence of two or more elder sisters, however, tends to facilitate children’s progression through the 4th, 5th, or 6th grades of primary school. These findings remain robust even upon the incorporation of parental background variables and a household asset index.

The final essay, co-authored with Professor Esther Duflo, leverages a school construction program unfolding in Indonesia between 1973 and 1978 to ascertain the impacts of education on fertility and child mortality. Utilizing time and region-specific exposure to the school construction program as instrumental variables, the average household education, as well as the educational discrepancy between spouses, is examined. The findings underscore that while female education emerges as a more potent determinant of age at marriage and early fertility, both female and male education are instrumental in attenuating child mortality. The investigation proposes that ordinary least squares (OLS) estimates of the differential effects of women's and men's education may be obfuscated by neglecting to account for assortative matching.

In aggregate, the dissertation weaves a multifaceted narrative regarding the intersectionality of educational attainment, health outcomes, and familial structures in developing countries, furnishing nuanced insights that meld theoretical frameworks with empirical findings to contribute to the broader dialogue on developmental economics and policy.

MIT\_Dept. of Economics.\_1626

Embarking upon an intricate exploration of corporate governance, business cycles, product market competition, capital market integration, and monetary policy shocks, this dissertation navigates through the profound terrains of economic structures and policies, scrutinizing their multifarious implications and interrelationships.

The inaugural chapter traverses the landscape of corporate governance amidst business cycles, where the delegation of control to insiders, while invigorating initiative, concurrently begets opportunities to augment firm size beyond that which is profit-maximizing. Particularly in contexts wherein goods markets exhibit imperfect competition, firms lean towards suboptimal sizes when measured against social optima. A meticulous analysis, underpinning plausible assumptions, reveals that firms discern the delegation of control as optimal amidst high demand, consequently enhancing the amplitude of the delegation choices as a potent amplification mechanism. The model additionally proffers a predictive capacity, elucidating that an escalation in firm volatility can, paradoxically, induce a diminution in aggregate volatility, with accompanying empirical evidence substantiating this proposition.

Chapter two scrutinizes the implications of heightened product market competition and capital market integration upon unemployment within the European context. While the aforementioned dynamics ostensibly augur increased efficiency and output over extended temporal horizons, the intrinsic adaptive process of economic actors, particularly amidst collective bargaining and gradual union learning, may be temporally staggered. This interplay can engender an initial surge, succeeded by a diminution, in unemployment—consistent with the generalized trajectory of European unemployment since the 1970s. The expeditiousness of union learning is postulated to be contingent upon the prevailing degree of trust interwoven between labor and capital, with empirical validations intimating that nations characterized by diminished trust have encountered more pronounced escalations and subsequent, delayed reversals in unemployment.

The third chapter discerns the differential impacts of shocks to U.S. interest rates and emerging market bond spreads upon domestic interest rates and exchange rates, comparing across a spectrum of emerging market economies with divergent exchange rate regimes. Preliminary findings affirm conventional predispositions, illustrating, for instance, that interest rates in Hong Kong exhibit a more pronounced responsiveness to U.S. interest rate shocks and fluctuations in international risk premia than their counterparts in Singapore. In contrasting Argentina and Mexico, albeit the findings are somewhat ambivalent, it is evident that while interest rates in Mexico exhibit diminished reactivity to U.S. interest rate shocks, their responsiveness to bond spread shocks is commensurate, complemented by a noteworthy impact upon the exchange rate.

In essence, the dissertation meticulously intertwines theoretical extrapolations with empirical verifications, offering nuanced insights into the labyrinthine interplays amongst corporate governance, macroeconomic policies, and global financial dynamics, thereby contributing to the academic corpus within the field of economics.

MIT\_Dept. of Economics.\_1635

This dissertation embarks on a meticulous exploration of the nuanced forms of non-price competition permeating the U.S. airline industry, emphasizing the strategic deployment of frequent flyer programs (FFPs) and scrutinizing the entry stratagems of low-cost carriers (LCCs).

The initial bifurcation of chapters underscores the strategic utilization of FFPs by airlines, pivoting on the premise that FFPs have the potential to modulate competitive intensity amongst firms. Inherent within the reward schemas of FFPs is an escalating marginal benefit, strategically poised to incentivize consumers to singularly align their patronage with one carrier. When entwined with the decision-making paradigm related to point accumulation, consumers ostensibly gravitate towards the dominant airline within an airport, attributed to the ostensibly superior opportunities for point accrual and redemption. Chapter one unveils an empirical methodology, disentangling the FFP impact from other advantages accrued by dominant airlines, and harnesses the temporal variations stemming from the mid-1990s FFP international partnerships to elucidate the economic repercussions of FFP enhancements. Evidently, these enhancements are concomitant with increments in an airline's market share, particularly pronounced on routes emanating from airports where the airline exerts dominant influence.

Subsequent to this, chapter two navigates through the strategic matrix of FFP partnerships formed amongst the prominent domestic carriers towards the close of 1998. Contrary to international partnerships, which conventionally intertwine airlines with predominantly non-overlapping networks, domestic partnerships, operatively centralized within the U.S., may concurrently expand earning and redemption opportunities whilst enhancing substitutability amidst the flights of partnering airlines on overlapping routes. The chapter unearths that domestic partnerships did indeed engender an expansion in airlines' FFPs, a phenomenon that correlated with an escalation in airline market share.

The third chapter diverts its analytical lens towards the entry strategies proliferated by LCCs, probing the hypothesis that the recent trajectory of success affiliated with LCCs is inextricably linked with their ability to proffer a symbiosis of quality and price, eschewed by major network carriers. Preliminary investigations into this hypothesis involve an examination of the characteristics defining routes adopted by LCCs.

In aggregate, this dissertation intertwines methodological robustness with theoretical insight, forging a path through the complex tapestry of non-price competitive strategies within the U.S. airline industry, thereby augmenting the academic discourse permeating the intersections of consumer behavior, strategic partnerships, and market dynamics within the economics of transportation.

MIT\_Dept. of Economics.\_1636

This dissertation intricately navigates through three pivotal topics that underscore the thematic narratives within macroeconomics: namely, the multifaceted repercussions of trade liberalization, the palpable impact of institutions, and the nuanced determinants inflecting credibility upon macroeconomic policies.

The inaugural essay embarks on a meticulous re-exploration of empirical endeavors probing the ramifications of trade liberalization, parsing its influence on growth through bifurcated channels: the enhanced access to intermediate supplies and the intensification of foreign competition. The investigation discerns that both channels wield significant effects, albeit in antipodal directions: the former catalyzes growth, whereas the latter exerts a constraining effect upon it. Furthermore, it is illuminated that the growth-promoting effect wielded through the first channel supersedes the growth-dampening effect instantiated by the second.

Segueing into the second essay, an empirical scrutiny elucidates the relationship between institutional robustness and transaction costs, specifically focusing on costs engendered by firms whilst interfacing with suppliers of intermediate goods. It is substantiated that industries, particularly those with a complex intermediate structure, experience a disparately magnified decrement in productivity within the confines of nations hallmarked by suboptimal institutions.

The terminal essay endeavors to recalibrate the theoretical discourse surrounding the determinants influencing government credibility concerning outstanding debt, aligning itself with the proposition that governmental defaults transpire not from a volitional stance, but rather, from an inescapable compulsion. Within the framework of this and auxiliary assumptions, certain canonical results are rendered non-obligatory. Illustratively, strategies such as the installation of a conservative policy architect or the denomination of public debt in foreign currency may paradoxically serve to attenuate, rather than fortify, credibility.

Collectively, this dissertation interweaves empirical investigation and theoretical discourse, delving into the interstitial spaces within macroeconomic themes, thereby contributing to the academic tapestry that explores the symbiotic relationships amongst trade liberalization, institutional strength, and policy credibility in the macroeconomic arena.

MIT\_Dept. of Economics.\_1637

This dissertation delineates an exploration through multifaceted realms of economic investigation, with a keen lens on housing price dynamics, tax incentives, and wealth dispersion within the United States, integrating empirical approaches with theoretical frameworks to probe into the underpinnings of these macroeconomic phenomena.

The initial chapter delves into the intricacies of housing price dynamics and its subsequent influence on household mobility decisions, examining whether household responses align with a forward- or backward-looking paradigm, and exploring the tether between high leverage and constrained moving behaviors. At its core, the analysis interrogates whether price dynamics usurp non-market shocks as the predominant driver of household mobility, especially considering housing’s dual role as an investment good and a saving apparatus. Employing a 13-year sample from the Panel Study of Income Dynamics, the findings elucidate that households predominantly exhibit a backward-looking orientation in their mobility and consumption decisions, with non-market shocks wielding a notable influence. Households evince minimal, if any, responsiveness to equity constraints and seemingly abstain from market timing, notwithstanding the substantial predictability embedded in housing prices. These findings partially affirm theories proposing prices as precursors to trading volume, yet do not align with Stein (1995), whose work correlates mobility behavior with alterations in equity constraints arising from fluctuations in housing prices.

Transitioning to the second chapter, the dissertation harnesses data from the Retirement History Survey to assess the ramifications of property tax abatement programs on the homeownership decisions of the elderly demographic. A nuanced analysis within a competing risks framework—which distinctly examines the decision to downsize relative to the decision to relinquish homeownership—reveals a dichotomous impact of property taxes on each decision paradigm: whilst property taxes amplify the hazard of moving for those elderly individuals opting to downsize, they scarcely influence the homeownership tenure decision. Employing individual heterogeneity to ameliorate sample bias, encapsulate mover-stayer dynamics, and address correlation between property taxes and unobserved variables, minimally alters the findings. From an ex post viewpoint, the findings suggest that property tax abatement programs wield, at best, a marginal impact, potentially fostering undesirable redistributive outcomes.

Concluding with the third chapter, the dissertation employs data from the 1989 American Housing Survey’s neighborhood clusters sample and the wealth supplement of the 1989 Panel Study of Income Dynamics to scrutinize wealth distribution within U.S. residential neighborhoods. Employing the Bourguignon decomposable inequality index, the analysis reveals that wealth is disseminated more unequally than income—and income more so than housing wealth—across all evaluative scales, encompassing neighborhoods, metropolitan areas, census regions, and the entirety of the United States.

The dissertation, in totality, weaves a narrative that synthesizes empirical data and theoretical insights, offering a rich exploration into the economic dynamics of housing price mobility, the influence of tax abatements on homeownership, and the disparate distribution of wealth within residential locales.

MIT\_Dept. of Economics.\_1638

Embarking upon a meticulous journey through the nexus of development economics and finance, this thesis proffers a tripartite examination through essays that collectively elucidate the idiosyncrasies of political corruption, international bribery, and the structural form of mutual fund distribution within financial markets.

The inaugural chapter traverses the political and economic repercussions of the 1992 presidential impeachment in Brazil, presenting a focused lens on its impact upon companies entwined with political connections. Distinct classifications emerge, segregating firms into those owned by associates and kin of the impeached president—denominated as 'family-connected'—and those formally connected per parliamentary investigation, hereafter referred to as 'other-connected.' Leveraging an event study methodology, I affirm that during the dissemination of detrimental presidential information, family-connected firms encountered an average daily abnormal return ranging negatively between 2 and 9 percentage points. Contrariwise, the 'other-connected' companies evidenced no analogous decline in stock market valuation amidst the impeachment. Intriguingly, the financial downturn experienced by 'family-connected' entities experienced a complete reverberation within an annual cycle, tacitly suggesting the impeachment’s limited efficacy in attenuating corruption.

Subsequent to the aforementioned exploration, the second chapter pivots toward an evaluation of the repercussions emanating from the OECD "Convention on Combating Bribery of Foreign Public Officials in International Business Transactions" upon multinational firms. A comparative analysis is employed, juxtaposing the balance sheet performances of foreign entities in 24 developing host nations, originating from countries that have and have not enacted the convention. The findings underscore a perceptible negative impact of the OECD convention upon the profit and sales trajectories of multinational corporations. This impact is pronouncedly magnified within countries bereft of efficient bureaucracies and substantively underscores an amplified negative repercussion within economies wherein bribery possesses elevated intrinsic value to firms.

In the thesis’s terminal chapter, attention is directed toward the granular exploration of mutual funds, denoting a singular typology of financial market participant. The essay unmasks a manifestation of Zipf's law within their size distribution: a proportionality where the number of funds exceeding size x is congruent to 1/x. This chapter endeavors to broaden pre-existing theories of random growth, postulating that this observable occurrence—Zipf's law—materializes when mutual funds proliferate at the pinnacle speed permissible by system constraints, a phenomenon herein defined as a "maximum growth principle." Empirical investigation into the fundamental elements of this theory demonstrates a robust validation through the extant data.

In summary, this thesis bridges nuanced explorations of discrete economic phenomena, furnishing new insights into the intricate ballet of political machinations, international regulatory compliance, and financial market distributions within the contexts of development economics and finance.

MIT\_Dept. of Economics.\_1639

This dissertation endeavors to weave a comprehensive tapestry through three distinct essays, each of which meticulously addresses pertinent queries enveloping the realms of corporate finance and taxation, thereby illuminating new facets through a combination of empirical analysis and theoretical reflections.

The initial essay embarks upon an exploration, utilizing a panel dataset extracted from the tax returns of U.S. corporations which encompass both balance sheet and income information, to scrutinize the symbiotic relationship interlinking bank competition and firm financing. Spanning the chronological vista from 1987 to 1998, the findings reveal a fascinating inverse relationship between the degree of banking market competitiveness and the utilization of outside debt by firms. Specifically, in banking markets typified by elevated competitiveness, firms demonstrate a predilection for reduced reliance on outside debt, opting instead for a heightened utilization of inside debt and equity in contrast to their counterparts in less competitive markets. This phenomenon aligns coherently with theoretical frameworks wherein banks, fortified by market power, acquire implicit equity stakes in borrowers, thereby exhibiting an augmented willingness to inaugurate lending relationships particularly with borrowers whose endeavors are imbued with pronounced asymmetric information or protracted payoffs.

In the subsequent essay, the focus pivots toward a reevaluation of the potential distortionary repercussions emanating from the U.S. corporate and personal tax systems, particularly in relation to organizational form selections by firms. It is demonstrated that when project selection is rendered endogenous and the non-linear character of the corporate tax schedule is taken into account, an election by a firm to assume a pass-through entity status as opposed to a non-pass-through entity in the face of disparate after-tax returns between the entity types does not inherently signal inefficiency. Empirical substantiation, consonant with this theoretical point, is proffered through an examination of the behavioral patterns exhibited by a sample consisting of S corporations and C corporations.

The final essay, forged in collaboration with Daniel Bergstresser and James Poterba, delves into an exploration employing a panel dataset of mutual fund characteristics and returns, as sourced from Morningstar, Inc., to formulate measures illuminating the effective capital gains tax burdens confronting mutual fund investors pertaining to unrealized capital gains within mutual funds. An exploration is undertaken to elucidate the determinants of effective capital gains tax burdens and to dissect the impact exerted by them upon net inflows of savings into mutual funds.

In culmination, this dissertation propounds new insights through a nuanced exploration of corporate finance and taxation, thereby contributing to the academic discourse within these domains by bridging empirical findings and theoretical frameworks.

MIT\_Dept. of Economics.\_1657

Embarking upon an empirical odyssey, this dissertation meticulously dissects four distinct studies, each astutely employing military-induced variations as a prism through which various facets of human capital production and the labyrinthine landscape of the U.S. labor market are examined.

Chapters one and two delve into an intricate examination of the effects of social interactions on human capital development within the venerable confines of the United States Military Academy, an institution where social groups are crafted through random assignment. Chapter 1 underscores the empirical quandaries inherent in isolating social effects and proffers evidence positing that phenomena endemic to a social group might underpin substantial portions of social group correlations, as illuminated in numerous studies. Though models, refined to address these identification tribulations, yield minimal evidence of social effects in the academic domain, a tangible influence of both peers and role models is discerned in other dimensions of human capital, which consequently wield significant implications for the labor market. Chapter 2, while forming a continuum with its predecessor, explores the dichotomy of whether peers function as complements or substitutes in the crucible of human capital production at West Point. The heterogeneity intrinsic to peer group composition becomes a vessel through which insights into the degree of substitutability between peers are gleaned. Estimates indicate a positive correlation between the heterogeneity of peer groups and individual grades, suggesting an optimal efficiency in education production at West Point when cadets are stratified by ability, thereby serving as substitutes.

The third chapter navigates through the uncharted waters of the impact that military-induced parental absences and household relocations exert on children’s educational attainment. Empirical evidence underscores that parental absences subtly, yet adversely, infringe upon children's test scores by a magnitude of a tenth of a standard deviation, while frequent household relocations likewise wield modest, negative ramifications of a commensurate magnitude.

Chapter 4 embarks on an investigation into the ripple effects of female labor supply on the U.S. wage structure in mid-century. As the tendrils of war in the 1940s permeated societal norms, engendering a male mobilization for conflict, women were inextricably drawn into the workforce. In states characterized by heightened mobilization rates, women not only increased their post-War work participation but also evidenced higher employment rates in 1950, though not retroactively in 1940. Estimates denote that augmentations in female labor supply bore the consequence of suppressing both female and male wages while concomitantly generally escalating the college premium and male wage inequality. In the mid-century tableau, women materialized as closer substitutes to males who were high school graduates and relatively low-skilled, albeit not to those possessing the lowest skills.

In summation, this dissertation meticulously interweaves empirical investigations and theoretical expositions, yielding insights that delicately balance the macroscopic vistas of labor market theories with the microscopic nuances derived from targeted, empirical explorations, thereby contributing to an enriched understanding of human capital production and the U.S. labor market through the lens of military-induced variations.

MIT\_Dept. of Economics.\_1757

This thesis seamlessly intertwines a series of essays, each elucidating the nuanced impact of trade costs on the intricate tapestry of international trade. Chapter 1 embarks on a journey, marrying theoretical derivations with empirical scrutiny, to explore how factor proportions ingeniously sculpt the structure of commodity trade amidst the tangible constraints of costly international trade. It fuses a multi-country iteration of the Heckscher-Ohlin model with a continuum of goods, as pioneered by Dornbusch-Fischer-Samuelson (1980), alongside the Krugman (1980) model, which embeds monopolistic competition and transport costs. Within this model, the commodity structure of production and bilateral trade is meticulously delineated. Emerging from the theoretical underpinnings are two pivotal predictions: a quasi-Heckscher-Ohlin prediction positing that countries commandeer larger industry shares that intensively deploy their abundant factor, and a quasi-Rybczynski effect, which suggests that nations experiencing rapid factor accumulation witness their production and export structures systematically gravitating towards industries that intensively utilize that factor. Empirical data lend credence to both predictions, underscoring factor proportions as a paramount determinant in the structuring of international trade.

Chapter 2 narrows its lens on the ripple effects of preferential tariff liberalization on trade directions, advocating that the North American Free Trade Agreement (NAFTA) has substantially sculpted North American trade dynamics. The locus of the analysis is the geographical origin of the U.S. imports across diverse commodities. This chapter identifies the impact of NAFTA by harnessing the stark cross-commodity variation in the tariff preferences bequeathed to goods produced in Canada and Mexico. The nations have witnessed a substantial ascension in their share of U.S. imports concerning commodities where they are beneficiaries of a tariff preference. Conversely, in the realm of commodities bereft of such preferences, Canada’s share has witnessed a decline, while Mexico’s has experienced a more modest augmentation. Empirical findings suggest a potential diminution in Canada's share of U.S. imports in a hypothetical absence of NAFTA, while concurrently, the trajectory of growth in Mexico’s share of U.S. imports would have been significantly more lethargic. The empirical endeavors of this chapter also yield estimates of consumer willingness to substitute between different commodity varieties, with estimated average elasticities of substitution oscillating between 5 and 7.

Chapter 3 scrutinizes the implications of international trade costs on trade volumes, extending the model delineated in Chapter 1 to permit variations in trade costs by country and commodity. In this schema, an arbitrary country will disproportionately import more commodities from nations where bilateral trade costs are diminished, and invariably imports more from larger countries. Furthermore, it will source specific commodities in a skewed manner from trading partners that are relatively abundant in the productive factors that are intensively utilized in the production of that respective commodity. An invaluable byproduct of the empirical analysis presented herein are estimates of the willingness to substitute between different good varieties within an industry, yielding implied elasticities of substitution that are predominantly high, typically fluctuating between 6 and 16. Given such heightened elasticities of substitution, minuscule costs to international trade possess the capability to precipitously attenuate trade volumes.

In summation, this thesis astutely intertwines empirical and theoretical threads to weave a rich tapestry that provides enriched insights into the multifaceted interplay between trade costs and international trade dynamics, offering a nuanced understanding that strategically balances broad theoretical vistas with microscopic empirical details.

MIT\_Dept. of Economics.\_1758

This thesis interweaves a series of essays, exploring the nuanced realms of organizational economics and finance, thereby delicately traversing through the potentially biased landscapes curated by firms and individuals proffering opinions, whether motivated by behavioral tendencies or strategic imperatives. Chapter 1 introduces a novel methodology, meticulously designed to quantify these biases, particularly scrutinizing whether producers of opinions either understate or overstate their private information—whether they manifest herding behavior or accentuate their disparities with the consensus. Upon application of this methodology to the I/B/E/S analysts, a compelling revelation is unveiled: contrary to prevalent assumptions of herding, analysts conspicuously amplify their deviations from the consensus, with an average exaggeration factor approximating 2.4. Furthermore, analysts exhibit a propensity to overweight their private information from prior periods, subsequently under-updating based on the forecast error of the preceding period. This phenomenon elucidates the seemingly paradoxical over and under-reaction findings presented by DeBondt and Thaler (1990) and Abarbanell and Bernhard (1992). An advantageous ancillary outcome of the methodology materializes as a measure that gauges the incremental information content of an analyst’s forecasts, revealing stark disparities in performance amongst analysts. For instance, the future forecast information content from the upper decile of analysts is approximately sixfold that of the lower 40 percent.

Chapter 2 pivots towards an examination of whether career concerns can cultivate an impetus for opinion-generating agents to exhibit exaggeration. The findings corroborate that they can, chiefly because high-ability agents, on average, harbor opinions that diverge more significantly from the consensus, and potential clients assimilate more rapidly regarding the average deviation of an agent’s opinions from the consensus than about the veracity of their exaggerations. The model proffers predictions that agents are likely to indulge in more pronounced exaggerations under certain conditions: when they perceive being undervalued by their clients, when the realizations of the variables they are forecasting are anticipated to be particularly turbulent, and when they foresee a reduction in their future forecasting opportunities. The empirical data, particularly pertaining to equity analysts' earnings forecasts, affirm the congruence of these predictions.

Chapter 3 ventures into the domain of models by Fershtman and Judd (1987) and Sklivas (1987), where firms, embroiled in quantity competitions, strategically derive benefit from committing to managerial incentives with a bias towards revenue maximization. Despite the scant empirical support for these models and criticism towards their assumption regarding the observability of incentive contracts, an alternative model is proposed. This model, wherein firms, engaged in competition through strategic substitutes, commit to utilizing less precise profit measures, subtly biases the optimal, unobservable contract towards revenue maximization and empirically fares more robustly. Firms in competition through strategic substitutes opt for less precise profit measures across a spectrum of six diverse measures, and firms adhering to less precise profit measures, in turn, exhibit stock returns and thus managerial incentives that are predominantly influenced by...

In aggregate, this thesis meticulously intertwines theoretical constructs with empirical analysis, presenting a rich, multidimensional exploration into the realms of organizational economics and finance, thus contributing nuanced insights and fostering a deeper understanding of the myriad facets entwining opinion biases, career concerns, and strategic competition within these domains.

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In the annals of telecommunications regulatory history, 1999 looms significant, marking the Federal Communications Commission's (FCC) pivotal decision to alleviate its prohibition against single-firm ownership of dual television stations within identical markets. Prior to this juncture, joint ownership remained ostensibly interdicted; however, palpable evidence concerning the impacts of joint operation has been gleaned through local marketing agreements (LMAs), which are contractual frameworks permitting one station to operationalize another within the same market.

Chapter 1 meticulously interrogates the consequences of joint operation on costs by employing a model to estimate television station entry decisions spanning the period from 1993 to 1998. Utilizing the method of simulated moments for entry model estimation, the findings elucidate that stations maneuvered under LMAs exhibit a pronounced propensity to enter the market. Remarkably, the deduction that joint operation attenuates costs remains robust, even upon controlling for the endogeneity of LMAs and the competition-diminishing ramifications therein.

Chapter 2 hones in on LMAs to probe into the ramification of joint operation upon advertising and programming market dynamics. A meticulous examination of panel data, encompassing over 160 markets from 1993 to 1998, divulges that the majority of mergers do not precipitate an elevation in advertising pricing structures. Nonetheless, mergers between stations postulated to be proximate substitutes (a metric underscored by their network affiliations) possess the potential to catalyze substantive price escalations. In the programming market, the ratings of amalgamating stations experience an uptick, intimating that mergers enhance the caliber and diversity of programming available to viewers.

The 1990s also witnessed the broadcast television industry undergoing considerable consolidation at a national echelon, a phenomenon partially catalyzed by the Telecommunications Act of 1996, which mitigated restrictions concerning the volume of television stations a firm could possess nationwide. Chapter 3 navigates through the effect of group ownership on viewership, utilizing ratings data for 750 television stations in both 1993 and 1998. The research denotes that the augmentation in group ownership causally linked to modest ascensions in ratings.

In summation, this dissertation weaves together an intricate tapestry, juxtaposing regulatory shifts, market dynamics, and media consumption trends, thus delivering a multifaceted exploration into the economic implications precipitated by regulatory modulations and organizational restructuring within the broadcast television industry. This investigation does not only elucidate past phenomena but also furnishes a foundation upon which future regulatory and economic discourses can judiciously be constructed.

MIT\_Dept. of Economics.\_1785

Embarking upon a comprehensive expedition through diverse economic terrains, this thesis unfurls through three meticulously crafted papers, each endeavoring to shed light upon distinct facets of economic behaviors and implications thereof.

The inaugural paper traverses the multifaceted relationships amongst risk preferences, religiosity, and gender, elucidating their potential implications upon engagement in risky behaviors. Leveraging data from the Panel Study of Income Dynamics (PSID) - a resource endowed with measures of risk preferences and religiosity, alongside a spectrum of risky behaviors - the investigation discerns robust correlations among the aforementioned variables and behaviors, each sustaining an independent relationship with risky actions, even whilst embedded within a regression inclusive of all variables.

The second paper unveils the findings of a randomized field experiment, meticulously designed to scrutinize the impact of choice autonomy within the realm of charitable giving. Herein, recipients of a newsletter disseminated by a Dutch Non-Governmental Organization (NGO) were randomly partitioned, with one half accorded the autonomy to designate the programmatic area benefitting from their donation. Remarkably, mean response rates and donation amounts remained invariant between treatment and control cohorts, leading to the surmise that whilst choice was predominantly undervalued by the treatment group, its provision neither dampened nor enhanced their propensities to donate.

In the tripartite paper, developed conjointly with a coauthor, the narrative shifts to the domain of residential segregation, anchored within a computer model wherein individual agents select neighborhoods predicated upon preferences over racial composition, an approach which draws inspiration, albeit loosely, from Schelling's 1971 model. The investigation reveals that both the potency of preferences for diversity and historical segregation emerge as potent forces influencing equilibrium levels of integration. Moreover, when contemporary discrimination is injected into the model, it was found to augment segregation within an initially unsegregated construct, yet surprisingly yielded no additional segregation effects within a model premised upon initial segregation. Furthermore, exploration of a straightforward social policy advocating integration yielded promising results, engendering a successful induction of diversity and enhancing the well-being of diversity-seeking agents.

In essence, this thesis weaves a rich tapestry, exploring the intricate and multifarious relationships amongst economic variables, behaviors, and sociodemographic factors, offering not only a retrospective analysis of phenomena but also prospective insights, potentially steering future research and policy formulation within the spheres explored.

MIT\_Dept. of Economics.\_1786

This thesis, encompassing three meticulously formulated essays, employs empirical methodologies to navigate through inquiries embedded in criminal procedure and employment antidiscrimination law.

The initial chapter scrutinizes the repercussions for offenders ensuing from the expansion of constitutional criminal jury trial rights, with a particular focus on the landmark Supreme Court decision in Apprendi v. New Jersey (2000). This pivotal ruling extended the constitutional mandate of beyond-a-reasonable-doubt jury fact-finding—along with its associated fiscal and procedural complexities—to certain facts previously adjudicated by judges utilizing a preponderance-of-the-evidence standard. Through leveraging the circumscribed holding of Apprendi and employing calculations delineated by the U.S. Sentencing Guidelines, this investigation facilitates a comparative analysis of alterations in sentence durations across offender groups, each divergently impacted by the decision. The findings suggest that this judicial expansion of jury trial rights has been to the advantage of criminal offenders, diminishing the average sentence duration for those most significantly influenced by in excess of 5 percent.

Subsequently, the second chapter probes into the prosecutorial charging response consequent to the Supreme Court's Apprendi decision. Employing federal arrest, charging, and sentencing data as a lens through which to evaluate prosecutorial comportment, evidence emerges that prosecutors, in response to the escalated costs associated with fact-finding, attenuated the number of counts levied against affected defendants by a magnitude of up to 10 percent. This presumptively amplifies the sentence reduction that might have transpired had prosecutors not reallocated charging resources towards defendants unaffected by the ruling.

In the third chapter, co-authored with Christine Jolls, the analytical lens shifts to explore the employment ramifications emanating from the two principal features of the Americans with Disabilities Act’s (ADA) - the discrimination prohibition and the "reasonable accommodations" requirement. Whilst previous studies have intimated that the ADA's enactment might have curtailed employment opportunities for individuals with disabilities, the specific features of the ADA that might have precipitated this disemployment effect remain shrouded in ambiguity. By utilizing state-level variances in pre-ADA legal frameworks to separately estimate the employment impacts of the ADA’s two substantive provisions, robust evidence is unearthed that the immediate post-enactment employment consequences of the ADA can be attributed predominantly to the reasonable accommodations mandate, as opposed to the termination costs associated with the antidiscrimination provision. Moreover, a discernible pattern of effects across states offers a counter-narrative to prior findings, suggesting that the decline in disabled employment following the immediate post-ADA period may be attributed to factors extrinsic to the ADA itself.

In sum, this thesis meticulously traverses through multifaceted legal and economic terrains, offering nuanced insights that not only illumine retrospective phenomena but also potentially inform future legal-economic research and policy endeavors.

MIT\_Dept. of Economics.\_1829

This dissertation navigates through the nuanced terrains of empirical labor and health economics, encapsulated within three scrupulously researched essays.

The initial essay delves into the elasticity of time allocation to leisure activities, especially considering the temporal fluctuations in the activity’s pricing. A meticulous exploration of the correlation between expected winnings and discontinuation probabilities in online poker is undertaken. The findings elucidate that an augmentation in expected winnings substantively diminishes the likelihood of player withdrawal from the game. Specifically, a modest increase of one dollar in expected winnings precipitates a 0.5 percentage point decrease in the cessation probability, juxtaposed against a mean of 1.1 percentage points, which correlates to a price elasticity of demand for poker equivalent to -0.14.

The subsequent chapter amalgamates elements from learning and human capital models to formulate and validate a model, elucidating the decision-making paradigms of college students vis-à-vis their field of study selection. The model mirrors myriad stylized facts emanating from the extant empirical literature focused on college major choice. Utilizing data from the High School and Beyond survey, the model’s predictions are subjected to empirical scrutiny, revealing: firstly, an affinity for students possessing elevated ability levels to opt for majors associated with superior average earnings; secondly, an increased proclivity among students who encounter academic difficulties (low grades) in college to pivot their field of study; and thirdly, a discernible wage disparity favoring non-major-switching students in comparison to their major-switching counterparts, a discrepancy primarily attributable to the latter’s inclination towards lower-paying fields.

In the third essay, co-authored with Abhijit Banerjee, Esther Duflo, and Gilles Postel-Vinay, an exploration into the protracted ramifications on stature and health resultant from a substantive early childhood income shock is proffered. Capitalizing upon the devastating proliferation of Phylloxera—a root-afflicting insect that decimated approximately 40% of French vineyards between 1863 and 1890—this research exploits the regional variances in the temporal manifestation of this calamity to identify its subsequent effects. The findings reveal that individuals, at the age of 20, born in regions marred by Phylloxera were, on average, 1.8 millimeters shorter than their counterparts from unaffected locales. This insinuates that children born into wine-producing families during a Phylloxera outbreak in their respective regions were, by the age of 20, between 0.6 to 0.9 centimeters shorter than their contemporaries—a statistically significant discrepancy given the mere 2-centimeter average increase in heights throughout the entirety of the 19th century.

In sum, this dissertation traverses through multifaceted domains within labor and health economics, weaving a rich tapestry of insights that synthesizes the interplay between leisure activities, academic major selection, and the long-term health and stature effects of income shocks, thereby contributing valuable perspectives to the respective literatures.

MIT\_Dept. of Economics.\_1830

This dissertation unfolds through a triad of chapters, each delineating distinct, yet interconnected narratives within the economic domain, specifically attending to the financial dynamics of natural gas and nuances of household foreign equity exposure.

The inaugural chapter discerns the incongruities and complexities inherent in natural gas behavior, contradicting several prevalent simplifying assumptions typically employed in model formulations. An intricate analysis of futures contracts tethered to gas unveils seasonalities in prices and non-Gaussian returns that exhibit stochastic volatility. Furthermore, an exploration into options prices intermittently unearths the presence of jumps. Subsequent evaluations evince that models omitting these characteristics grapple with recuperating options prices with desired accuracy. In response, this chapter advances an alternative nonparametric methodology for gas options pricing, adeptly encapsulating these pertinent attributes and concurrently illuminating the contours of risk aversion entrenched in gas markets.

Transitioning to the second chapter, the exposition furnishes a parametric strategy for pricing derivatives anchored to natural gas futures, intentionally architected to surmount the limitations discerned in extant parametric frameworks. The approach foregrounds a model of the immanent futures prices that concedes to stochastic volatility and employs a contemporary Bayesian particle filtering technique for estimating the inherent process parameters, accompanied by a simulation-oriented methodology for options pricing. Although this strategy concedes some performance efficacy relative to nonparametric methodologies, notably the kernel scheme elucidated in the preceding chapter, its overarching generality permits the pricing of more convoluted derivatives.

The terminal chapter introduces novel estimates and methodologies to decipher the home bias puzzle, deploying micro-level data to quantify households' foreign equity exposure, correlating it with wealth. The findings suggest that rudimentary estimates encounter significant errors-in-variables dilemmas. Consequently, an estimator, formulated through grouping, is constructed to navigate this issue. The produced estimates persistently indicate a modest aggregate investment in foreign equity. Furthermore, the investment decision is disaggregated by incorporating a two-step decision-making process, permitting households to abstain from market participation. This deliberate bifurcation of the decision-making process yields foreign equity levels that resonate more harmoniously with established portfolio theories.

Collectively, this dissertation embroiders a rich, multifaceted tapestry that not only scrutinizes the intricate financial ballet of natural gas but also dissects the domestic and foreign equity investments at the household level, thereby appending a nuanced understanding to extant economic and financial paradigms.

MIT\_Dept. of Economics.\_1831

Embarked upon a multifaceted exploration, this dissertation interweaves three distinguished chapters, elucidating nuanced paradigms of consumer behavior, bureaucratic corruption, and strategic innovation under uncertain conditions within the intricate tapestry of economic theories and applications.

Chapter One delves into the intricate interplay between consumer purchasing behaviors and persuasive advertising, asserting a model where consumers, despite astute awareness and adjustment for persuasive advertising endeavors, cannot insulate their recollections of product quality from its influence. An analytical lens is cast upon the strategic selections of firms engaging in persuasive advertising and their subsequent pricing choices. This chapter reveals that even within an equilibrium where consumers exhibit full awareness, persuasive advertising pervades, and paradoxically, does not invariably signal a high-quality product. The model further extends to juxtapose persuasive with informative advertising, unraveling a scenario where persuasive advertising can intermittently stymie the comprehensive disclosure of information and ambiguously signal either superior or inferior product quality relative to products promoted through informative advertising.

Chapter Two, a collaborative effort with Abhijit Banerjee, constructs a model scrutinizing the efficacy of complaints against bureaucratic corruption within the decision-making processes concerning public infrastructure projects in a village inhabited by affluent and impoverished villagers. Bureaucrats, susceptible to bribery to favor projects benefiting the wealthy villager, face potential praising or complaining messages from villagers to a supervisor unaware of the bureaucrat’s honesty and the villagers’ socio-economic statuses. The supervisory intervention is limited to bureaucratic reassignment. This chapter uncovers equilibriums where, paradoxically, complaints do not materialize in the absence of bribery and are only witnessed when they are unwarranted. The capability of the government to incite complaints by mitigating message costs is challenged, and the notion that supervisors can conclusively enforce a specific equilibrium is debunked, acknowledging the coexistence of multiple equilibriums.

Chapter Three, co-authored with Elie Ofek, molds a model of a duopoly wherein firms, ostensibly identical ex-ante, must delineate their innovation directions amidst market uncertainty regarding consumer preferences for innovation across two product attributes and technological uncertainty concerning R&D success. Firms may undertake costly research to dissipate market uncertainty prior to setting R&D strategy. Intriguingly, the value a firm attributes to market information hinges on whether its competitor is also anticipated to acquire this information in equilibrium. The chapter demonstrates that a firm may abstain from market research even while its rival pursues and acquires such information, examining this within both vertical and horizontal demand structures, thus offering novel insights into the dynamics of competitive innovation strategy under market and technological uncertainties.

Collectively, the dissertation crafts a meticulous exploration of diverse economic phenomena, offering profound insights and contributing to the ever-expansive dialogue within empirical and theoretical economics.

MIT\_Dept. of Economics.\_1832

Navigating through the nuanced realms of educational economics, this dissertation orchestrates a triadic exploration, each chapter delineating a distinct facet of educational policies and their subsequent implications upon facets such as educational attainment, health, and socio-economic paradigms.

The inaugural chapter embarks upon an investigative journey into the National School Lunch Program’s mid-20th-century iterations, scrutinizing its longitudinal impacts on educational attainment and adult health. A meticulous instrumental variables strategy is employed, leveraging the phased introduction of a federal funding allocation formula modification in 1963 as an instrumental variable. The strategic identification hinges upon the disparate exposure of various birth cohorts to the extant and novel formulae, and the differential impacts wrought upon states based upon per capita income distinctions. While the program’s participation during childhood ostensibly exerts minimal enduring impacts upon health, it conspicuously catalyzes significant ramifications upon educational attainment.

Segueing into the second chapter, the discourse pivots towards an examination of racial diversity within higher education and its subsequent reverberations upon post-collegiate earnings, civic behavior, and college satisfaction. Utilizing the Beginning Postsecondary Students survey, and orchestrating control for pre-collegiate exposure to racial diversity, the chapter further incorporates methodologies from Altonji, Elder, and Taber (2005) to navigate the complexities of selection based on unobservables. Preliminary single-equation estimates insinuate a positive connotation of diversity upon voting behaviors and college satisfaction, albeit without tangible impacts upon alternative outcomes and manifesting a pronounced sensitivity to assumptions related to selection on unobservables.

The terminal chapter commences an inquiry into university affirmative action bans, amalgamating information pertaining to ban timings with data extracted from the Current Population Survey (CPS) and the American Community Survey (ACS) to evaluate the bans’ impacts on college enrollment and educational attainment. A nuanced triple difference strategy, deploying whites as a comparative group for underrepresented minorities and capitalizing upon variation across bans, states, and time, unveils no detrimental impact of the bans upon overall minority college attendance rates and educational attainment in relation to whites, and identifies no discernible effect upon minority enrollment within public or four-year colleges.

This dissertation thus weaves a meticulous tapestry, intertwining diverse threads of educational economic phenomena, thereby contributing robustly to the empirical and theoretical dialogues enveloping the economic implications of educational strategies and policies.

MIT\_Dept. of Economics.\_1833

Embarking upon an empirical odyssey through the multifaceted domains of consumer behavior within the realm of industrial organization, this dissertation meticulously curates three investigative essays, each illuminating distinct aspects and underpinnings of consumer interactions and choices, utilizing data procured from an anonymized retailer.

The initial chapter unfolds an exploration into the demand dynamics between store and national brand over-the-counter pain relievers, revealing conspicuous asymmetric substitution patterns betwixt the two. The empirical evidence elucidates that national brands, upon instituting price reductions, cannibalize a more substantial market share from store brands than vice versa. Notably, a stark differentiation is observed in that store brands dwell exclusively within a solitary retailer, whilst national brands permeate virtually all retail outlets. The findings indicate that a proliferation in the number of local competing retailers is concomitantly associated with an augmentation and diminution in the market share of store brands and national brands, respectively, aligning seamlessly with the unique availability attribute of store brands.

Subsequently, the second chapter delves into deciphering consumer inventory behavior, demonstrating that amplifications in quantity, resultant from sales, are substantially attributed to stockpiling motivations. Utilizing field experiment data, it is unveiled that the quantifiable increase in consumption, net of stockpiling, is approximately null for specific product categories, inclusive of mouthwash, diapers, and chocolate. Furthermore, the chapter identifies a selection bias inherently present when deploying store-level data to gauge the impact of price modulations upon quantity.

The concluding chapter proffers an evaluation of the efficacy of actual price reductions versus mere claims of diminished prices on consumer demand, interwoven with an exploration into its correlation with consumer price knowledge. Employing a large-scale field test, wherein both actual and claimed prices were variably modified, it is discovered that the responses to both aforementioned pricing strategies exhibit a positive correlation. A plausible explication for such correlation emerges from the likelihood that consumers’ concern regarding product prices is heterogeneously distributed across different products. Furthermore, it is discerned that consumers exhibit an augmented response to diminished prices for items wherein their price knowledge is robust, whereas a pronounced response to low price claims materializes when their price knowledge is comparatively deficient, albeit this manifests as a secondary effect.

Conclusively, this dissertation intertwines an empirical investigation through the intricacies of consumer behavior, providing a nuanced, data-driven lens through which to perceive, comprehend, and navigate the underlying mechanics of consumer choices and interactions within industrial organization, thereby contributing profoundly to both empirical and theoretical discourses within economic academia.

MIT\_Dept. of Economics.\_2190

This dissertation diligently explores the labyrinth of optimal income tax schemes, unraveling its nuanced layers within four distinct socioeconomic contexts. The exposition traverses through diverse economic terrains, each chapter meticulously unfolding varied facets and implications of income tax structures amidst different economic paradigms and constraints.

The inaugural chapter delves into an intricate examination of the repercussions emanating from a lack of commitment towards optimal labor and capital income tax rates. The findings articulate a strategic convergence towards nullified capital income taxes and sustained positive labor income taxes over an extended temporal horizon. The government, bound by the confines of its optimal plan, adheres to it contingent upon the preservation of a sufficiently moderated debt level, insinuating that short-term asset accumulation may be an inadvertent consequence of commitment deficiencies.

Subsequent to this, Chapter 2 embarks upon a journey to decipher the optimal tax schedule amidst the variables of endogenous and observable education, set against a backdrop where agents are characterized by heterogeneous abilities. A pivotal discovery from this chapter posits that it is optimal to subsidize monetary educational expenditures at a congruent marginal rate to which income is taxed, stratified across varying ability levels.

Chapter 3 ventures into the realm where entrepreneurial labor income is obfuscated and inseparable from capital income, thereby presenting a unique predicament. Here, the investigation finds its resolution in endorsing the implementation of positive capital taxation in perpetuity, thereby illustrating a meticulously balanced response to the challenge of unobservable entrepreneurial labor income.

The concluding Chapter 4 delves into a scenario wherein human capital expenses remain veiled from observation. The ensuing optimal plan, therefore, reveals a future wherein human capital accumulation inherently bears distortions, crafting a tapestry where unobservable human capital expenses shape and constrain optimal planning.

Collectively, this dissertation, through its rigorous exploration and scrupulous analyses, contributes richly to the scholarly dialogue on income tax schemes, intertwining theoretical implications with plausible practical applications, thereby enhancing both the academic and pragmatic dimensions of economic discourse pertaining to optimal tax structures and their multifaceted implications within varied socioeconomic contexts.

MIT\_Dept. of Economics.\_2191

This dissertation meticulously navigates through the intricate tapestry of political institutions and macroeconomic activity, situating its inquiries within dynamically evolving environments across three discerning chapters.

Chapter 1 ventures into an exploration of the optimal orchestration of taxes and debt, positioning its inquiry within a framework that liberates itself from the conventional presumption of a benevolent government, opting instead for a scenario wherein a self-interested ruler presides over the fiscal administration. Diverging from a standard economy, temporal economic perturbations yield enduring alterations in taxes and debt along the equilibrium trajectory, meticulously calibrated to circumscribe rent-seeking by the ruler. The infusion of political economy distortions prompts a complete debt market to ostensibly comport as if it were incomplete. Contrasting with an incomplete market economy, taxes steadfastly endure in the long run. Numerical explorations intimate that the welfare cost tethered to political economy distortions ascends markedly if the government elects suboptimal, politically sustainable policies that eschew persistent responsiveness to shocks, attributable to an over-saving government and the subsequent diversion of resources into rents.

In Chapter 2, the analytical lens is cast upon the dynamics interweaving war and peace, situating the discourse within an environment wherein two groups vie for resources from one another. Peaceful compromise navigates through the precarious territories of limited commitment and informational frictions, compelled by an inability of the groups to adhere to concession-making and potentially astronomical private costs thereof. It is demonstrated that episodic phases of war beget phases of peace along the equilibrium path. While short-term fluctuations between peace and war are plausible, the trajectory inexorably veers towards an eternal warfare, given its propensity to maximize periods of peace in the shorter temporal dimension. In an extension, wherein each group squanders resources during war to inflict amplified damage upon its adversary, under certain conditions, intervals of peace persist even in the long-term narrative, as peaceful phases enforce successive wartime periods.

Chapter 3, emerging from a collaborative endeavor with Daron Acemoglu, Simon Johnson, and James A. Robinson, interrogates the prevailing wisdom which prescribes elevated income levels as a precondition for democracy. Scrutinizing extant evidence for this perspective, which hinges upon cross-country correlations that dissipate upon considering within-country variation, it becomes evident that the inter-country correlation between income and democracy mirrors extended temporal changes rather than causality, notably a positive correlation between shifts in income and democracy spanning the preceding 500 years. A tentative explanation for this pattern is proffered, grounded in the concept that societies may have inaugurated divergent political-economic developmental trajectories at particular critical junctures.

In synthesis, this dissertation, through its assiduous investigations and profound analyses, forges a substantive contribution to the academic and policy-oriented dialogues concerning the interplay between political institutions and macroeconomic activity within dynamic contexts, elucidating theoretical complexities and illuminating potential pathways for pragmatic application in policy formulation and economic governance.

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The present dissertation delves into a meticulous exploration of the intricate mechanisms precipitating the convergence of retail markets towards a concentrated structure, wherein competition is predominantly orchestrated by a mere handful of substantial firms. Leveraging a competition model predicated upon the Vertical Product Differentiation (VPD) and endogenous sunk cost framework as proposed by Sutton (1991), this thesis scrutinizes several empirical implications, all of which are assiduously evaluated employing a comprehensive dataset, replete with store-level observations extracted from the supermarket industry.

Chapter 2 endeavours to furnish a formal verification of the hypothesis positing that the markedly elevated concentration levels discernible within the supermarket industry emanate from competitive investments in endogenous sunk costs. Utilizing the bounds regression methodology, a stratagem devised by Sutton (1991), this chapter delineates the existence of a substantial, positive lower bound to concentration that perpetually remains bounded above zero, irrespective of the market size. This analytical endeavor is further enriched by an exhaustive case history of the industry, offering additional evidentiary support indicative of competition being predominantly focused upon sunk outlays.

In Chapter 3, the analysis is expansively amplified, pivoting its focus towards the localized structure of competition. The principal contributions of the empirical endeavors unveiled within this chapter reside in: identifying the cohort of high-quality supermarket firms; establishing that their presence is constrained to bounded quantities (not escalating proportionally with market size); and discerning aspects of the observed market structure that are incongruent with alternative explanations, notably by underscoring the unique character of strategic complementarity. Consequently, this chapter furnishes demonstrable evidence that the VPD framework harmonizes adeptly with the amalgamation of features observed within the supermarket industry, thereby providing an astute depiction of the mechanisms buttressing its concentrated structure, which appears to exude both competitiveness and stability.

In Chapter 4, three formal models of retail competition are presented, concomitantly elucidating testable implications pertinent to the strategic interactions amongst rival firms.

In summation, this dissertation, through its thorough investigations and analyses, significantly augments the academic discourse pertaining to the confluence of mechanisms influencing the progression towards concentrated market structures in retail, elucidating the theoretical complexities and offering invaluable insights with potential applications for regulatory practices and strategic industrial management within economically pivotal retail sectors.

MIT\_Dept. of Economics.\_2290

Embarking upon an explorative journey through the application of behavior genetic methods, this thesis intricately weaves a tapestry that elucidates the role of genetic factors in sculpting individual variances within the realms of economic preferences, behaviors, and subsequent outcomes.

In the inaugural chapter, a collaboration with Christopher T. Dawes, Magnus Johannesson, Paul Lichtenstein, and Bjorn Wallace, the classical twin design serves as a formidable lens through which genetic and environmental influencers on experimentally elicited preferences for risk and altruistic giving are meticulously examined. This analytical venture divulges that these preferences are broadly heritable, with evidence pointing toward genetic disparities elucidating approximately a quintile of individual variation. Consequently, these findings catapult genes to the forefront as a crucial, albeit largely overlooked, source of individual variation in economic preferences within extant economics literature.

Chapter two, encapsulating contributions from Magnus Johannesson, Paul Lichtenstein, Orjan Sandewall, and Bjorn Wallace, extrapolates the aforementioned findings to an empirical context, navigating through the investment behaviors unfolded following a pivotal pension reform in Sweden during the late 1990s. Subsequent to the reform, Swedish adults were tasked with curating a portfolio from an expansive array of funds. By adroitly aligning individual investment decisions with the Swedish Twin Registry, the paper unveils that genetic variation accounts for approximately 25% of individual divergence in portfolio risk, a metric that also resonates across various other dimensions of financial decision-making.

Navigating through the third chapter, two complementary Swedish datasets are harnessed to unravel the significance of the familial environment in accounting for variances in income, educational achievement, and dimensions of cognitive and non-cognitive skills. Employing a spectrum of sibling types, each distinguished by their respective degrees of genetic relatedness and rearing status, the findings illuminate moderate family effects on educational attainment and cognitive and non-cognitive skills, juxtaposed against relatively diminutive family effects on income. Augmenting these insights, additional analyses, drawn from a sample of identical (MZ) and fraternal (DZ) twins and featuring comprehensive income data, disclose a profound and enduring divergence between the MZ and DZ correlations across the lifecycle, an exception being observed at incipient ages. This potentially conveys potent family effects on the timing of labor market entry, implications of which are explored within the context of endeavors to comprehend the underpinnings of income inequality.

In summation, this thesis, through a potent amalgamation of theoretical frameworks and empirical analyses, embarks upon an intricate exploration of the multifaceted interplay between genetics and environment, shedding invaluable light upon their collective and individual roles in shaping economic behaviors, preferences, and outcomes, thereby offering a rich contribution to the academic dialogue on behavioral economics and genetic influences.

MIT\_Dept. of Economics.\_2293

This thesis synthesizes a trilogy of essays that penetrate deeply into the nuanced realms of household savings and portfolio choice behaviors, converging on an enriched understanding of the financial decision-making processes within the domestic economic unit.

Chapter One embarks upon an exploration of the reciprocal interplay between employer matching contributions and tax incentives on engagement and contributory behavior within the domain of employer-sponsored 401(k) savings plans. Whereas the literature has heavily fixated on the implications of match rates on retirement savings, this chapter notably diverges, shedding light on the somewhat overshadowed dimension of preferential tax treatment. Utilizing a uniquely apropos dataset sourced from a substantial United States Corporation, this investigation discerns that a marginal increase of one percentage point in the match rate elucidates a 0.06 percentage point amplification in savings plan participation rates. In contrast, an analogous marginal tax rate enhancement propels participation upwards by 1.35 percentage points. Moreover, an intriguing disparity is revealed when these effects are transmuted into changes in the annualized rate of return of the savings plan, furnishing valuable insights into the potential wealth fluctuations at retirement under varied parameterizations.

The second chapter navigates through the turbulent waters of trading and contribution behaviors, employing data from the 401(k) plan of a prominent United States corporation. This corporation, offering employer matching contributions in company stock whilst imposing restrictions on the tradability of the matching contributions for an elongated duration, provides a fertile ground for observing the dynamics of rebalancing behavior under the influence of vesting restrictions and intra-firm match rate fluctuations. Vesting of matching contributions amplifies the likelihood of employee portfolio rebalancing by between 3 and 7 percentage points, a likelihood that swells further by an additional 6 to 11 percentage points amid a transition from a 50% to a 100% match rate. Furthermore, the findings articulate that the gradation of match rates orchestrates palpable shifts in the composition of employee contributions, subtly yet discernibly molding employee investment behaviors in company stock.

Chapter Three, drawing upon multiple panels from the Survey of Income and Program Participation, endeavors to delineate the effect of unemployment insurance benefits on household savings behavior, thereby extending existing paradigms on precautionary savings and insurance. This exploration navigates through the multidimensional nature of insurance benefits, embracing replacement rates and benefit durations; employs enhanced econometric methodologies to navigate the challenges posed by skewness and variations in household savings; accommodates heterogeneous savings responses contingent upon the probability of the insured risk via a two-step estimation procedure; and scrutinizes changes in asset composition within the household's portfolio in context of precautionary savings likelihood. Notwithstanding the absence of statistical significance upon standard error adjustment, the investigation unveils suggestive evidence pointing towards sizable reductions in precautionary savings behavior in response to variations in both replacement rates and benefit durations, with the deleterious impact of benefit increases on savings being especially pronounced amongst households positioned at an elevated risk of unemployment and those inhabiting below-median financial wealth echelons.

In essence, through meticulously interweaving theoretical frameworks with empirical scrutiny across diverse datasets, this thesis constructs a multifaceted narrative, exploring and illuminating the complex, entwined tapestry of factors influencing household financial behaviors, thereby contributing a robustly textured layer to the academic discourse in the field of economics, particularly focusing on household financial decision-making.

MIT\_Dept. of Economics.\_2303

This dissertation meticulously explores the ramifications of heterogeneous and asymmetric information within macroeconomic and financial contexts, emphasizing their pertinence to short-run fluctuations, across four empirically substantiated chapters. Each segment delineates a facet of the complex web of informational frictions, scrutinizing their cascading effects on firm and financial institution behaviors throughout the business cycle and during episodic crises.

Chapter one provides a nuanced examination of the symbiotic relationship between collateral constraints on firm-level investment and the reciprocal feedback between financial markets and real economy. The investigation elucidates how real economic activity, while underpinning asset dividends, is concurrently influenced by asset prices that govern collateral value and subsequently, the firms' investment capabilities. Within a micro-founded business-cycle economy, where agents possess imperfect and heterogeneous information regarding economic fundamentals, the chapter illustrates the capability of this feedback to engender notable, expectation-driven fluctuations in asset prices and macroeconomic outcomes. Significantly, tighter collateral constraints are shown to dampen the effects of productivity shocks on equilibrium output and asset prices, while conversely amplifying the impacts of ‘noise’—defined herein as common expectations errors—potentially surging as a critical source of asset-price volatility and business-cycle fluctuations amidst stringent collateral constraints.

The subsequent chapter, a collaborative effort with George-Marios Angeletos, delves into a real-business-cycle (RBC) economy that is imbued with dispersed information pertaining to aggregate productivity shocks, taste shocks, and potential shocks to monopoly power. The exposition delineates how informational dispersion may: (i) infuse significant inertia into macroeconomic outcomes’ responsiveness to shocks; (ii) instigate a negative short-run employment response to productivity shocks; (iii) postulate that productivity shocks account for a minimal fraction of high-frequency fluctuations; (iv) induce substantial noise within the business cycle; (v) encapsulate a specific type of demand shocks within an RBC economy; and (vi) generate cyclical fluctuations in observed Solow residuals and labor wedges. Crucially, these characteristics hinge not on overarching uncertainty regarding fundamental economic variables, but on information heterogeneity and the potency of trade linkages within the economy.

Chapter three, also forged in collaboration with George-Marios Angeletos, engages with the ways in which incomplete information influences price responses to nominal shocks. Here, the baseline model, a variant of the Calvo model, situates firms as entities observing the nominal shocks amidst noise. Three pivotal parameters dictate the price response in this scenario: the precision of available information concerning the nominal shock; price adjustment frequency; and the extent of strategic complementarity in pricing decisions. Although synthesizing broader insights from relevant literature, this framework only partially unveils the role of incomplete information. Upon introducing more general information structures, quantifying the degree of price inertia necessitates supplementary information regarding the dynamics of higher-order beliefs or agents’ inflation forecasts, a notion underscored through three extensions to our baseline model.

The final chapter pivots towards an exploration of the impact of predatory trading on banks and large trading institutions' capacity to muster capital during periods of ephemeral financial distress, amid an environment wherein traders are asymmetrically informed regarding each other’s balance sheets. The dissertation reveals that a trader, more informed about his own balances and in distressed circumstances, can inadvertently signal financial vulnerability whilst soliciting additional capital from lenders, thereby rendering him susceptible to predatory trading and potential insolvency. Consequently, traders may evince reluctance to seek additional capital when potential predators lurk, thereby amplifying the difficulties banks and financial institutions encounter when attempting to accrue credit amidst transient financial turmoil.

In aggregate, this dissertation elucidates the multifaceted interactions and implications that arise from heterogeneous and asymmetric information in macroeconomic and financial landscapes, offering a meticulously researched advancement to the existing corpus of knowledge within the domain of economics.

MIT\_Dept. of Economics.\_2318

Embarking upon an intricate exploration of the interplay between liquidity and asymmetric or incomplete information, this dissertation delineates consequential insights through a tripartite framework, elaborating upon the multifaceted dynamics inherent within each domain.

Chapter one delves into a dynamic economy beleaguered by illiquidity, attributing its origins to adverse selection in financial markets and their resulting repercussions. Entrepreneurs, constrained in their borrowing capacities, divest from previous projects to channel financing into new ventures, with the asymmetric information regarding project quality engendering a palpable lemons problem. The extent of this friction not only is reactive to aggregate shocks but also amplifies the asset prices and investment responses thereto. Notably, negative shocks hold the potential to precipitate a comprehensive stagnation in financial markets. The chapter further extends into an exploration of learning derived from historical transactions, thereby rendering the degree of informational asymmetry endogenous and correlating the liquidity of assets with the experiential knowledge of market participants. Consequently, market downturns, by curtailing learning, exacerbate future adverse selection problems, enabling even transitory shocks to forge highly persistent repercussions in both investment and output.

The second chapter endeavors to comprehend the circumstances under which firms might elect to navigate through a state of illiquidity. Optimal managerial incentive schemes, under certain conditions, may necessitate the liquidation of a firm subsequent to the disclosure of unfavorable news. Though fragile financial structures, susceptible to runs, have been posited as a conduit to implement these schemes, despite their evident ex-post inefficiency, this chapter underscores that such arrangements often precipitate multiple equilibria. Furthermore, notwithstanding allowing arbitrary equilibrium selection, they do not invariably replicate optimal allocations. However, under the premise that output adheres to a continuous distribution and that creditors are privy to sufficiently precise individual early signals, a fragile financial structure exists such that global games techniques can select a unique equilibrium, one that faithfully reproduces the optimal allocation.

In the third chapter, the focal point shifts toward an analysis of speculative attacks against firms mired in illiquidity. Observations indicate that banks and governments, when confronted with a speculative attack, frequently vacillate—endeavoring to repel the attack, yet capitulating after a period of resistance, thereby intimating an ex-ante uncertainty regarding the magnitude of the attack they confront. Modeling this uncertainty as emanating from incomplete information about speculators' payoffs, the chapter discerns conditions whereby unsuccessful partial defenses may emerge as potential equilibrium outcomes. Priors, extending over the distribution of speculators' payoffs, exist that can validate any partial defense strategy. Under normal uncertainty, partial resistance becomes more plausible when there exists an augmented aggregate uncertainty regarding agents' payoffs and diminished heterogeneity among them.

Collectively, this dissertation illuminates the multifarious and complex interconnections and implications originating from the intersection of liquidity and asymmetric or incomplete information in economic landscapes, propounding a carefully-researched augmentation to the prevailing body of knowledge within the economic sphere.

MIT\_Dept. of Economics.\_2397

Embarked upon a comprehensive exploration of financial markets, wealth inequality, and economic dynamics, this dissertation meticulously intertwines empirical evidence and theoretical modeling across three distinctive yet interrelated chapters.

Chapter 1 situates itself amidst the consequential repercussions of wealth inequality within the context of imperfected financial markets, thereby discerning the nuances of differential sectorial impacts engendered by inequality. Leveraging a difference-in-difference strategy, the examination reveals that sectors, which are more beholden to external finance, are proportionally diminutive in nations permeated with heightened income inequality. Subsequent to this, a model is proffered, one wherein sectors are heterogeneous in their fixed-cost requisites, agents are bound by collateral constraints, and production is subject to diminishing returns. A calibrated manifestation of this model harmonizes with the empirically observed facets of inequality and cross-sector outcomes, unraveling that wealth inequality not only intensifies the effects of financial frictions upon the economy but, quantitatively, has the potential to catalyze losses scaling up to 46 percent of per capita income.

In the second chapter, crafted in collaboration with Claire Lelarge and Michael Peters, the focal lens shifts towards a meticulous exploration of the components requisite for a model of import behavior to align harmoniously with firm-level evidence. A model is construed, one wherein firms are delineated by heterogeneity in their factor-neutral productivity, whilst prices, fixed costs, and input qualities remain ubiquitous across firms. Subjecting a comprehensive dataset of French firms to analytical scrutiny validates the qualitative predictions of the model with regard to a firm’s expenditure across imported varieties. However, the model encounters limitations in accounting for the expenditure pattern bifurcation between domestic and foreign inputs, thereby concluding that a mechanism, which induces firm-level heterogeneity in the relative price of domestic varieties, is imperative to accurately modeling import demand.

Chapter 3 anchors itself in examining the ramifications of financial frictions on the cross-industry growth rate patterns, unearthing two pivotal observations: firstly, sectors with a pronounced external dependence tend to manifest accelerated growth concomitant with the economy’s developmental trajectory; and secondly, such externally dependent sectors exhibit disproportionately rapid growth in nations endowed with superior financial institutions. Postulating that financial frictions can substantiate these observed phenomena, a dynamic two-sector model is constructed, wherein sectors exhibit disparities in their liquidity requirements and agents navigate within collateral constraints. Financial frictions thus engender accelerated growth in sectors characterized by elevated liquidity requirements. Furthermore, the chapter discerns conditions under which financial development conduces toward an amplification of growth in the externally dependent sector.

Through a holistic amalgamation of empirical methodologies and theoretical elaborations, this dissertation provides an enriched understanding of the multifaceted interactions between wealth inequality, financial frictions, and economic growth, thereby contributing nuanced insights to the scholarly discourse within the domain of economics.

MIT\_Dept. of Economics.\_2398

In an in-depth examination of the nuanced intersection between strategic social interactions and household decision-making processes, this dissertation delineates the empirical exploration and analytical understanding emanating from distinct communities within India. Navigating through the multifaceted realm of peer effects and social contexts, the discourse meticulously traverses the arenas of microfinance, contractual enforcement, and information diffusion, offering profound insights into the intrinsic and instrumental value of social relationships within economic behaviors.

The inaugural chapter embarks upon an exploration of peer effects, particularly elucidating upon microfinance scenarios. Globally, Microfinance Institutions (MFIs) have astutely cultivated social capital, typically achieving laudable repayment rates. Nonetheless, emerging repayment crises precipitate a compelling inquiry into whether peer effects inadvertently perpetuate default behaviors. Engaging in an empirical exploration, the investigation quantifies the causal effect of peer repayment on individual repayment decisions, circumventing the umbrella of joint liability, and postulating within a context of a district-level default, wherein a cent percent of borrowers transiently defaulted. Utilizing induced variations in repayment incentives—both at singular and peer group echelons—as instrumental variables, the findings reveal a substantial 10-15 percentage points augmentation in an individual's likelihood to repay when peer behavior transitions from comprehensive default to absolute repayment. Further, a dynamic discrete choice model of the repayment decision is employed, estimating the MFI's net benefit derived from the peer mechanism, revealing that the predominant driver of the observed effect is the positive influence emanating from repayers, rather than the negative connotations affiliated with non-repayers.

The second chapter, co-authored with Arun Chandrasekhar and Horacio Larreguy, harnesses comprehensive network data, endeavoring to comprehend the role social interactions embody within the parameters of contract enforcement and determining the amplitude of co-investment. Implementing laboratory experiments within Indian villages, utilizing non-anonymous participants enmeshed in fundamental two-party trust games, the investigation discerns that social networks intertwine with game dynamics in economically substantive manners. Notably, social proximity mitigates the investment dilemma, central punishers enhance efficiency, and elites, while benefitting from heightened partner transfers, do not leverage their stature to amplify total surplus. Further, an analysis ascertains that socially distant judges foster efficient behaviors, whilst their socially proximate counterparts are susceptible to collusion.

The concluding chapter, co-written with Arun Chandrasekhar, navigates through the topography of information diffusion concerning rival goods. Employing laboratory games within 39 villages, and encountering the unforeseen presence of non-directly invited households, the research explores the propagation of information regarding the potential to earn near a day's wage throughout rural Indian communities. Subsequently, the analysis interrogates how task-experience influences information distribution and acquisition behaviors, and scrutinizes plausible channels for strategic information diffusion amidst the backdrop of limited participant slots and potential for augmented payoffs through peer gameplay. Consequently, the exploration discerns that final participation patterns may subtly reflect the strategic behaviors of informed households.

Through the lens of empirical evidence and theoretical modeling, this dissertation affords substantial contributions to the academic discourse surrounding the intricate interplay of social interactions and economic decision-making within household contexts, manifesting invaluable insights applicable to policy design and socio-economic frameworks.

MIT\_Dept. of Economics.\_2399

This dissertation amalgamates three seminal papers, intricately weaving through the theoretical tapestry of mechanism design within the contextual framework of boundedly rational agents. The overarching narrative meticulously explores the pivotal question of whether, and to a substantiated extent, confinements upon agents’ capacities for strategic misrepresentation of preferences can judiciously aid a mechanism designer in achieving outcomes potentially elusive with impeccably rational agents. The inaugural chapter delves into an inquiry regarding the sufficiency of local incentive constraints in logically implicating comprehensive incentive-compatibility, spanning a spectrum of mechanism design contexts. This investigation is fundamentally underscored by a model of bounded rationality, wherein agents, constrained by cognitive bandwidth, may be unable to conceptualize all plausible misrepresentations, yet remain adept at considering those proximal to their genuine preferences. Offering a unified methodology that seamlessly traverses both continuous and discrete type spaces, the chapter elucidates that, in numerous instances subject to academic scrutiny, local incentive-compatibility—when astutely defined—necessarily implies unmitigated incentive-compatibility. Progressing to the second chapter, the discourse propels the methodology of quantitative evaluation of incentives for strategic behavior, premised upon the notion that agents shall adhere to truthfulness, provided the incentive towards strategic conduct is sufficiently diminutive. This chapter introduces a mechanism’s susceptibility to manipulation as the maximal expected utility an agent might procure from strategic misrepresentation. Subsequently, this metric of susceptibility is meticulously applied to anonymous voting rules. A bifurcated set of results emerge: firstly, an estimation of susceptibility pertaining to specific voting rules, with a pivotal discovery that numerous voting systems, heretofore identified as resistant to manipulation, are perceptibly more susceptible than a simplistic plurality rule, as per the metric propounded herein. Secondly, a conglomeration of results proffering asymptotic lower bounds on susceptibility for any conceivable voting rule, contingent upon a myriad of efficiency, regularity, and informational conditions. These results elegantly illustrate a method through which one might quantitatively navigate the tradeoffs between susceptibility and alternative properties of the voting rule. The tertiary chapter transposes the methodology articulated in the second chapter into a market milieu: specifically, unit-demand, private-value double auction markets. The chapter embarks upon a quantitative exploration of the tradeoff between inefficiency and susceptibility to manipulation, amidst all conceivable mechanisms for such markets. The principal outcome approximates the locus of the possibility frontier, constraining it within a factor logarithmically related to the market’s magnitude. Through a judicious blend of empirical scrutiny and theoretical exploration, this dissertation yields profound insights into the domain of mechanism design with boundedly rational agents, illuminating the multifaceted intersections between strategic misrepresentation, incentive-compatibility, and susceptibility to manipulation within varied economic contexts, thereby contributing to the broader academic discourse and potential policy implications within the field of Economics.

MIT\_Dept. of Economics.\_2400

This dissertation endeavors to delve into the profound impact of private information upon the prevalence and functionality of insurance markets, encapsulating a meticulous examination of insurance rejections and the theoretical and practical implications thereof.

In the initial chapter, the analysis is focalized upon an expansive array of non-group insurance markets wherein applications are frequently declined based upon observable, predominantly high-risk, attributes. This exposition interrogates private information as a potential causal entity by conjuring and assaying a model wherein agents harbor private information about their risk. A novel no-trade result is derived, theoretically elucidating how private information could engender rejections. Utilizing the no-trade condition, measures are formulated which illustrate the impediment to trade that private information confers. An innovative empirical methodology is devised to estimate these measures, employing subjective probability elicitations as noisy metrics of agents' beliefs. The methodology is subsequently applied to three distinct non-group markets: long-term care (LTC), disability, and life insurance. In accordance with theoretical predictions, in all three contexts, significant evidence of private information is found amongst those who would be rejected; they possess a more substantive quantum of private information compared to those who can procure insurance; and it is sufficiently potent to precipitate a complete cessation of trade, presenting the inaugural empirical evidence that private information catalyzes a complete trade absence.

The second chapter promulgates that private information elucidates the absence of a private unemployment insurance market. Empirical evidence is proffered that a private UI market would be plagued by private information, and it is posited that the magnitude of private information is adequate to explain a comprehensive absence of trade. Evidence is adduced that a private market would not materialize even if governmental unemployment benefits were curtailed.

Conclusively, the third chapter employs the empirical and theoretical tools crafted in the first chapter to probe the ramifications of an adjusted community rating policy, compelling insurance entities to price exclusively based on age. The findings intimate that such a policy would entirely disassemble the LTC insurance market. The prospective policy would not only fail to augment welfare for those currently rejected but would also proscribe the healthy from procuring long-term care insurance.

Through scrupulous theoretical modeling and empirical evaluation, this thesis elucidates the pivotal role of private information in dictating the functionality, or lack thereof, of various insurance markets, thereby enhancing the academic discourse in the realms of insurance trade, policy implication, and economic decision-making under informational asymmetry.

MIT\_Dept. of Economics.\_2401

This dissertation meticulously investigates three distinct, yet interconnected topics, providing an intensive exploration of historical and contemporary economic and societal phenomena across various regions.

Chapter One, "Persistent Effects of Peru's Mining Mita," employs a regression discontinuity approach to discern the enduring impacts of the mita, a pervasive forced mining labor system operational in Peru and Bolivia from 1573 to 1812. The findings reveal that the mita effect precipitates a diminution of household consumption by approximately 25% and augments the incidence of stunted growth in children by nearly six percentage points in affected districts presently. Through meticulous analysis utilizing data from the Spanish Empire and the Peruvian Republic, the study delineates the mechanisms through which the mita's influence has perpetuated, particularly via its impacts on land tenure and the provision of public goods. Historically, mita districts have been characterized by a paucity of large landowners and a lower attainment of education. Presently, these districts exhibit a reduced integration into road networks, and their inhabitants demonstrate a markedly higher propensity toward subsistence farming.

Chapter Two, "Trafficking Networks and the Mexican Drug War," seeks to comprehend how the economic objectives of drug traffickers influence both the direct and spillover effects of Mexican policy vis-à-vis the drug trade. With drug trade-related violence in Mexico experiencing a precipitous escalation over the past five years, claiming over 40,000 lives, the study leverages variation from close mayoral elections and a network model of drug trafficking to develop a triad of results. First, regression discontinuity estimates exhibit a substantial increment in drug trade-related violence in a municipality subsequent to the narrow election of a mayor from the National Action Party (PAN), which has been at the forefront of the drug trafficking war. A thorough empirical analysis indicates that such violence predominantly constitutes inter-criminal conflicts, ostensibly reflecting rival traffickers' endeavors to usurp control of territories subsequent to PAN mayors initiating crackdowns. Second, utilizing a model estimating equilibrium routes for trafficking drugs across the Mexican road network to the U.S., the study projects the diversion of drug traffic following proximate PAN victories. Consequently, not only does drug trade-related violence augment in these alternate municipalities, but female labor force participation and informal sector wages concurrently decline, which substantiates qualitative evidence that traffickers extort producers in the informal sector. Finally, the chapter employs the trafficking model and estimated spillover effects to scrutinize the allocation of law enforcement resources.

In the third chapter, "Insurgency and Long-Run Development: Lessons from the Mexican Revolution," the dissertation capitalizes on within-state variation in drought severity to ascertain how insurgency during the Mexican Revolution—a salient early 20th-century armed conflict—influenced subsequent governmental policies and protracted economic development. Employing a novel municipal-level dataset on revolutionary insurgency, the analysis verifies that municipalities encountering severe drought immediately prior to the Revolution were substantially more susceptible to insurgent activity compared to their less drought-stricken counterparts. Insurgents frequently demanded land reform, and post-Revolution, Mexico redistributed over half of its surface area into ejidos: collective farms composed of individual and communal plots, assigned to a collective of petitioners. Rights to ejido plots were non-transferable, rental of plots was proscribed, and numerous decisions regarding the use of ejido lands necessitated political approval. Instrumental variables estimates depict that municipalities experiencing revolutionary insurgency had 22 percentage points more of their surface area redistributed as ejidos. Presently, insurgent municipalities are 20 percentage points more agricultural and 6 percentage points less industrial. Incomes in insurgent municipalities are diminished and alternations between political parties in mayoral elections have been notably infrequent. The findings collectively substantiate the hypothesis that, while land reform assuaged insurgent regions, it concurrently stifled long-term economic development.

This thesis, through a rigorous exploration and analysis of historical data and contemporary metrics, intertwines the realms of economic policy, socio-economic impacts of policy interventions, and the perpetual reverberations of historical societal structures and conflicts, enriching the academic discourse in these domains.

MIT\_Dept. of Economics.\_2447

This dissertation presents a tripartite examination of the ramifications of tax policy on corporate decisions pertaining to investments in productive capital.

The inaugural chapter delineates an inquiry into the impact and incidence of recent tax incentives for investment, utilizing a novel dataset comprised of transaction prices for utilized construction machinery. Theoretical postulations suggest that incentives, limited exclusively to novel investments, ought to instantiate a differential equal to the incentive's value between the prices of new and equivalently productive used machines. However, empirical estimates illuminate that recent "bonus depreciation" incentives exert a negligible effect on this price differential. Notwithstanding, the total supply of machines demonstrates a significant elasticity in relation to price. Conjointly, these findings imply that while the efficacy of tax incentives, which fortuitously bolster investment demand, would not be attenuated by inelastic supply, the most contemporary tranche of tax incentives scarcely galvanized investment demand.

The second essay elucidates the ubiquity of losses amongst US corporations in contemporaneous years and scrutinizes their implications vis-à-vis the efficacy of tax incentives for investment. The outcomes intimate that asymmetries inherent within the corporate tax code rendered recent bonus depreciation tax incentives approximately 5% less effective than they otherwise would have materialized. Moreover, recent diminutions in the ratio of cash flows to assets rendered bonus depreciation upwards of 24% less effective than its theoretical potential. Hence, recent losses can only partially elucidate the observed inefficacy of bonus depreciation.

Concludingly, the third chapter estimates the response of dividend payouts to a 2003 dividend tax cut, employing a novel control group of unaffected firms for rigorous comparative analysis. Notably, dividend payouts by Real Estate Investment Trusts (REITs) witnessed a significant augmentation subsequent to the tax cut, despite REIT dividends being exempt from the aforementioned cut. Preliminary analysis suggests that the precipitous surge in aggregate dividend payouts following the tax cut predominantly emanated from an amplification in corporate earnings, rather than the tax cut per se. Consequently, evidence resultant from the tax cut offers minimal endorsement for the proposition that dividend taxation imposes significant distortions upon firm investment decisions or engenders substantial efficiency costs.

In summary, through a meticulous and comprehensive analysis of tax policies and their concomitant effects on investment behaviors, this dissertation proffers significant insights, contributing robustly to the academic dialogue in the realm of corporate investment and tax policy interaction. This exploration intertwines empirical findings and theoretical underpinnings to elucidate the multifaceted impacts of tax incentives on corporate investment decision-making processes.

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This dissertation encompasses an assortment of essays that coalesce explorations within contract theory and behavioral economics. The initial chapter propounds a model delineating choice under risk, constructed upon a framework of imperfect memory and self-deception. This model predicates that individuals harbor preferences regarding their personal attributes and possess a degree of capability to manipulate their memories. Engendering a non-expected utility representation, the model bestows a consolidated explanation for a variety of empirical regularities, including non-linear probability weights and small-stakes risk aversion, whilst also embracing concepts of regret and the competence hypothesis. Moreover, it elucidates both endowment and sunk cost effects, postulating that, given a sufficiently extensive history of choice repetition, behavior will asymptotically converge toward that forecasted by expected utility theory.

Chapter two introduces a model of competition imbued with non-exclusive contracts, situated within a market wherein consumers exhibit time-inconsistent behaviors. The non-exclusivity engenders a pronounced asymmetry between goods characterized by immediate costs and those offering immediate rewards. In scenarios involving the former, non-exclusivity exerts no equilibrium impact, and, given consumer sophistication, an efficient allocation is attained. Conversely, in contexts of partial consumer naivety, the optimal sales tax may oscillate between positive and negative valuations, contingent upon parameters that prove elusive in terms of accurate estimation. In instances concerning immediate-rewards goods, the equilibrium invariably manifests marginal-cost pricing and perpetually resides in a state of Pareto inefficiency. Furthermore, the optimal tax remains impervious to the consumers’ degree of naivety, being rather a function of readily assessable parameters.

The third chapter, predicated upon joint research with Aloisio Araujo and Humberto Moreira, employs a job-market signaling model in which signals disseminate dual informational elements. Utilized to scrutinize countersignalling (signals that are nonmonotonic in ability) and the General Educational Development (GED) exam, the model concludes that countersignalling is more plausible in occupations necessitating a skill amalgamation that diverges from that implemented during educational processes. The model also propounds testable implications aligned with existing GED evidence: namely, (i) signaling both elevated cognitive and diminished noncognitive skills, and (ii) absence of wage impacts.

Chapter four, again conceived in collaboration with Aloisio Araujo and Humberto Moreira, delineates incentive-compatibility within models characterized by multidimensional types and potential violation of the single-crossing condition. Employing this characterization, optimal contracts in multidimensional screening, as well as equilibria in multidimensional signaling models, are derived. Subsequently, implications of signaling and screening models, under violation of the single-crossing condition, are ascertained. Demonstrating that the sole robust prediction of signaling is the monotonicity of transfers in (potentially costly) actions, it is established that any function transitioning from type space to action space, alongside an ascending transfer schedule, can be rationalized as an equilibrium profile across myriad signaling models. Beyond the monotonicity of transfers in actions, an additional requisite and sufficient condition in screening cases is identified, asserting that, within one-dimensional models, the principal’s profit, when plotted as a function of the agent’s type, must exhibit a superior growth trajectory under conditions of asymmetric information as opposed to under symmetric information.

This compendium of essays endeavors to forge pathways through the intricate landscapes of contract theory and behavioral economics, interweaving theoretical models with empirical applications to elucidate phenomena and formulate theoretical advancements within the domain.

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This dissertation elucidates the intricate interplay between various facets of malpractice law and physician behavior, further investigating the ensuing impact on health outcomes. Chapter 1 delves into the association between regional disparities in physician practices and the geographical extent of the standards of care applied in malpractice actions. The investigation hinges upon whether treatment utilization rates within a state gravitate toward national levels as states jettison "locality rules" in favor of laws necessitating physician adherence to national standards of care. The analytical lens is particularly focused on cesarean delivery, unveiling robust evidence that demonstrates a convergence in cesarean section utilization, where 40 - 60% of the differential between state and national cesarean rates is ameliorated upon the relinquishment of a locality rule.

In Chapter 2, the dissertation estimates the returns to regional cesarean intensities, leveraging an arguably exogenous source of variation in cesarean rates ensuing from the assimilation of national-standard laws. Initially, persuasive evidence of triage in regional cesarean utilization is documented, revealing that physicians in regions of higher intensity tend to administer cesareans to mothers ostensibly less necessitous of this intensive delivery alternative. Subsequently, the findings delineate no evident implication that an augmentation in regional cesarean rates culminates in an enhancement of average neonatal outcomes. Thirdly, the evidence intimates that surges in regional cesarean rates may be marginalizing mothers otherwise necessitating cesarean delivery.

Chapter 3 introduces an alternate dimension to malpractice law, estimating the interrelationship between varying degrees of malpractice pressure—identified through the adoption of non-economic damage caps and affiliated malpractice laws—and select decisions encountered by obstetricians amid child delivery. Antithetical to conventional wisdom, the findings furnish no evidence substantiating the assertion that malpractice pressure compels physicians to conduct a significantly augmented number of cesarean sections. Nevertheless, evidence is manifested of positive defensive behavior in the utilization of episiotomies during vaginal deliveries and in the durations of maternal lengths of stay.

In its entirety, the dissertation proffers novel insights into the nuances of malpractice law and the ensuing medical practices, rendering an empirically grounded perspective that intertwines legal frameworks, physician practices, and health outcomes, with a particular emphasis on obstetric interventions. Notably, it navigates through multifaceted relationships and implications, furnishing comprehensive insights that potentially inform policy deliberations and future legal transformations in the context of medical malpractice and healthcare outcomes.

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The inaugural essay casts light upon the multifaceted impacts of the 1930s American Dust Bowl, probing the extent to which short-term erosion costs were alleviated by longitudinal adjustments. Harnessing newly amassed data, which categorizes counties into low, medium, and high erosion demarcations, estimates disclose that the Dust Bowl precipitated significant immediate diminishments in agricultural land values and revenues. Nonetheless, until at least the 1950s, a constrained reallocation of farmland from activities compromised by erosion was observed. Relative fluctuations in agricultural land values and revenues illustrate that the annualized, long-term cost constituted 86% of the short-term financial burden to agriculture. A noteworthy out-migration, mirroring the considerable cost of the Dust Bowl, emerged as a pivotal conduit through which short-term costs were partially alleviated.

The second essay delves into the repercussions on agricultural development ensuing from the introduction of barbed wire fencing to the American Plains in the latter part of the 19th century. To warrant compensation for damages wrought by others' livestock, farmers were mandated to erect fences. From 1880 to 1900, the inception and ubiquitous adoption of barbed wire significantly mitigated fencing costs, most pronouncedly in counties with minimal woodland, relative to the predominant wooden alternatives. Throughout that timeframe, counties with the scarcest woodland witnessed considerable relative augmentations in settlement, land improvement, land values, and the productivity and production share of crops most necessitous of protection. This surge in agricultural development ostensibly partially reflects farmers’ enhanced capacity to shield their land from encroachment. The states’ incapacity to safeguard this full bundle of property rights on the frontier, beyond proffering formal land titles, may have otherwise curtailed agricultural development.

The third essay endeavors to quantify agglomeration spillovers, contrasting the growth of total factor productivity (TFP) among incumbent plants in "winning" counties, which attracted a large manufacturing plant, with "losing" counties, which constituted the plant’s secondary choice. A half-decade subsequent to the opening, incumbent plants' TFP in winning counties is elevated by 12%. This effect amplifies for plants with labor and technology pools analogous to the new plant. Indicators of augmented wages in winning counties are unveiled, intimating that profits are bolstered to a lesser degree than productivity.

Collectively, these essays weave a nuanced tapestry of historical and economic analyses, furnishing empirically grounded insights that traverse the socio-economic and environmental dimensions of agricultural practices, frontier development, and industrial agglomeration in distinct chronological and geographical contexts. This dissertation thus contributes substantively to the academic discourse on the symbiotic relationship between environmental dynamics, legislative frameworks, and economic development.

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This dissertation unfolds a comprehensive exploration of the impetus behind innovation within organizations, discerning meticulously through the multifaceted roles that incentives embody therein, encapsulated within three distinct yet interconnected essays.

The second chapter delves into the intriguing dynamics of incentive provision amid parallel exploration of novel work methodologies by workers. Herein, an undercurrent of under-exploration emerges, substantiated by workers’ strategic endeavors to capitalize on their co-workers’ innovative pursuits. In this milieu, optimal incentives for routine undertakings manifest as conventional pay-for-performance, wherein individual success exclusively governs compensation. Contrariwise, optimal incentives for parallel innovation embrace an initial failure, furnishing workers with elongated group incentives tethered to collective success. A rigorously controlled laboratory experiment furnishes empirical evidence, underscoring a causal nexus between incentives and innovation, where innovation efficacy and performance apex under a group incentive schema rewarding prolonged joint triumph.

In the third chapter, co-authored with Gustavo Manso, the dissertation elucidates evidence attesting to the efficacy of an incentive paradigm, which amalgamates a tolerance for initial failure and accolades for protracted success in galvanizing innovation. Subjects under this incentive regime demonstrated augmented exploration, approximated more closely to the discovery of the optimum business strategy, and engendered superior average revenues in comparison to their counterparts under fixed-wage and standard pay-for-performance incentives. Further, the chapter unveils that the looming threat of termination can deleteriously erode incentives for innovation, a phenomenon mitigated by the deployment of golden parachutes.

The fourth chapter probes into organizations’ deliberative choices pertaining to the conduction of interim performance evaluations. In scenarios where ability does not significantly modulate workers' marginal benefit from effort, the arbitration between imparting feedback or abstaining therefrom is contingent upon the geometric properties of the cost of effort function. Conversely, when effort and ability are intertwined in complementarity, feedback policies unveil a mélange of competing effects. Not only do they inform workers about their relative standings both in the competitive milieu of the tournament and in productivity, but performance appraisals also conjure signal-jamming incentives to apply effort in the temporal vicinity of performance evaluations.

Collectively, these essays embark on an academic journey through the economic landscapes of organizational innovation, sculpting a profound understanding of incentive structures, worker behavior, and innovative outcomes, thereby contributing richly to the empirical and theoretical corpus in the realm of organizational economics and innovation studies.

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This dissertation comprises three essays that delve into the dynamics of household decision-making within the realms of education and health in developing economies. The inaugural chapter scrutinizes the dynamics of intra-familial choices in the milieu of conditional cash transfer (CCT) initiatives in education. Empirical investigation is conducted through a randomized field experiment in Gurgaon, India, to discern whether the designated recipient of the incentive—whether parent or child—significantly sways educational outcomes. The study discerns that allocating incentives to parents engenders suboptimal educational outcomes relative to child-directed incentives, particularly in instances where parental efficacy in educational engagement is lower, as evidenced by diminished baseline test scores. Conversely, when parental involvement is initially more robust, as indicated by higher baseline test scores, parent-directed incentives yield more favorable educational outcomes.

The second essay, co-authored with Leigh Linden, evaluates the influence of peer networks on enrollment and attendance within a community-based educational program in India, targeting previously out-of-school children. The intervention encompasses the random assignment of encouragement to participate in the program to a subset of eligible children. The findings reveal that such active encouragement precipitates a 30-percentage-point surge in participation among the encouraged children, with the presence of a participating peer amplifying this effect by approximately 20%. This peer effect is predominantly observed in reciprocal relationships, where mutual engagement between the child and the friend is reported.

In the third essay, co-authored with Nava Ashraf and Jesse Shapiro, the focus shifts to the decision-making processes of households concerning the acquisition and utilization of health products in the developing world. The essay postulates that elevated pricing may enhance product usage through two distinct channels: by selectively allocating products to households with a higher propensity for utilization (screening effect) or by psychologically motivating increased usage due to the sunk-cost fallacy. A novel methodology is developed to disentangle these two phenomena and is applied in a Zambian field experiment that markets a household water purification solution door-to-door. The results underscore that increased pricing effectively screens for households with a higher likelihood of product usage. However, the study does not consistently substantiate the existence of sunk-cost effects on product utilization.

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This dissertation comprises three essays that explore the ramifications of income and wage taxation on various economic outcomes.

The first essay investigates the differential impact of income tax alterations on the pre-tax wages across industries, with a particular focus on the industries' associated injury and fatality rates. This analysis postulates that the compensating differentials for risky employment are contingent on the prevailing income tax rate. Employing this insight, the essay introduces an innovative methodology to compute these compensating differentials, specifically in the calculation of the Value of a Statistical Life (VSL). The methodology posits that tax amendments should induce a shift in pre-tax wages for hazardous occupations relative to safer ones, proportionally aligned with the VSL. Applying this methodology yields VSL estimations ranging from $50 million to $75 million, significantly surpassing previous estimates in extant literature.

The second essay delves into the relationship between taxation and occupational decision-making. Recognizing that taxation can warp the balance between labor and leisure, as well as between wages and job amenities, the essay delineates a novel two-step estimation process. This process is designed to pinpoint the elasticity of occupational choice in relation to tax rates, examining whether workers gravitate towards higher-paying jobs as tax rates diminish and vice versa. The derived estimates suggest a noticeable compensated elasticity, indicating that a 10% uptick in the net-of-tax rate would prompt workers to switch to positions with a 0.5% wage increment.

The third essay turns its attention to the tax elasticity of labor income. Given the governmental prerogative to tax labor and capital incomes distinctly, it becomes imperative to discern the exclusive elasticity of labor income. Additionally, with the application of progressive tax rates, an aggregate elasticity measure does not suffice. To address this, the essay presents a novel quantile estimator suited for panel data within an instrumental variable framework. The findings reveal pronounced heterogeneity in the compensated elasticity, particularly pronounced among men at higher income quantiles, and to a lesser extent at the lower quantiles for both genders. This heterogeneity underscores the necessity for nuanced tax policy considerations that account for variable elasticities across the income distribution.

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