

Research and Teaching Statement

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1 Summary of Research

In this short document, I briefly discuss some of the research I have been doing, outlining published papers, working papers and work in progress. My research interests are in the fields of labour economics, applied econometrics, public economics, economics of education and migration. A recent project of mine estimates welfare effect of migration for natives, taking account of both labour market and fiscal considerations. My paper entitled “High Wage Workers and High Wage Peers”, which investigates how interactions of workers within a firm can affect labour market outcomes, has also been recently published.

My job market paper investigates the role of complementarities among workers of the same firm in understanding of labour supply elasticity of workers, using matched employer-employee micro-data. We show that ignoring complementarities may lead to seriously underestimate individual labour supply elasticity. Recently I have been doing some work (joint with Giovanni Peri and Agnese Romiti) on the role of ethnic networks for employment and human capital investment decisions of newcomers to Germany. Focusing on refugees in particular, another project (joint with Yvonne Giesing and Nadzeya Laurentsyeveva) employs a randomised field experiment to evaluate the role of matching frictions for the labour market integration of forced migrants. Within a separate but related research agenda on the heterogeneous effects of innovation at the firm level, I am working on a paper (together with Christian Dustmann and Uta Schönberg) on the heterogeneous effects of technological and organisational change at the firm level for workers of different occupations, age and education levels.

I expect most of my research to be around the issues of migration and labour markets in the future as well. Several of the projects I just described are work in progress, and I expect to look at different but related angles in the future. In particular, I plan to keep on working on welfare effects of migration, as well as on the employment effects of technological change. I am also doing some work on the gender wage gap and the role of early educational and career choices. I also plan to work on an analysis of the role of cognitive skills as adults on labour market outcomes. I am happy to discuss any of these projects in more details, including those I have not mentioned here but I am listing below, giving some more details. A full list of paper titles and summaries is available here: <https://michelebattisti.wordpress.com/research/>.

1.1 Publications in Peer-Reviewed Academic Journals

“Immigration, Search, and Redistribution: A Quantitative Assessment of Native Welfare”, with Gabriel Felbermayr, Giovanni Peri and Panu Poutvaara, *Journal of the European Economic Association* (forthcoming)

We study the effects of immigration on native welfare in a general equilibrium model featuring two skill types, search frictions, wage bargaining, and a redistributive welfare state. Our quantitative analysis suggests that, in all 20 countries studied, immigration attenuates the effects of search frictions. These gains tend to outweigh the welfare costs of redistribution. Immigration has increased native welfare in almost all countries. Both high-skilled and low-skilled natives benefit in two thirds of countries, contrary to what models without search frictions predict. Median total gains from migration are 1.19% and 1.00% for high and low skilled natives, respectively.

“High Wage Workers and High Wage Peers”, *Labour Economics*, June 2017, Vol. 46, 47-63

This paper investigates the effect of co-worker characteristics on wages, measured by the average person effect of coworkers in a wage regression. The effect of interest is identified from within-firm changes in workforce composition, controlling for person effects, firm effects, and sector-specific time trends. My estimates are based on a linked employer employee dataset for the population of workers and firms of the Italian region of Veneto for years 1982-2001. I find that a 0.1 increase in the average labour market value of co-workers skills (which is around one within-person standard deviation) is associated with a 3.6 percent wage premium. I also find that a sizeable share of the wage variation previously explained by unobserved individual and firm heterogeneity may be due to variation in co-worker skills. An event-type study, a Placebo exercise and a series of heterogeneity analyses lend credibility to the baseline results. I also evaluate the role of the spillover effects for wage differentials between specific groups of workers. I find that around 12 percent of the gender wage gap and 10 to 16 percent of the immigrant wage gap can be explained by differences in co-worker characteristics.

Individual Wage Growth: the Role of Industry Experience, *Industrial Relations*, January 2016, Vol. 55(1), 40-70

This paper focuses on the effect of experience within an industry on wages. I use a correlated random effects simultaneous equation model that allows individual and match heterogeneity to affect wages, job tenure, and industry experience. I estimate my model separately for men and women using a large panel of young Italian workers for the years 1986-2004. Results show that wage returns to industry experience are much larger than wage returns to job seniority. The hypotheses of exogeneity of job seniority and industry experience in the wage equation are rejected: matches of high-wage workers last longer.

“English as a Second Dialect Policy and Achievement of Aboriginal Students in British Columbia”, with J. Friesen and B. Krauth, Canadian Public Policy, 40(2), June 2014, 182-192

Since the 1980s, the BC Ministry of Education has offered funding to support the language development of students who speak non-standard dialects of English. In practice, the students who are supported by this funding are almost exclusively Aboriginal, and English as a Second Dialect (ESD) funding has grown to be an important source of supplemental funding for Aboriginal students in many school districts. We exploit the staggered uptake of ESD funding by school districts to identify its effect on academic achievement. We find a sizable positive effect of ESD on grade seven reading achievement among Aboriginal students.

“How Student Disability Classifications and Learning Outcomes Respond to Special Education Funding Rules: Evidence from British Columbia”, with Jane Friesen and Ross Hickey, Canadian Public Policy, 38(2), June 2012, pp. 147-166

In 2002, British Columbia eliminated supplemental grants to school districts for some students with special needs. This study provides estimates of the response of special needs designations and academic performance to this funding change. Using student-level panel data, we find that students were less likely to receive a gifted, moderate behavioural disorder, or mild mental illness designation under the new funding rules. We study standardized test scores in grade 7, finding that the reading scores of gifted students declined substantially among those exposed to the new funding rules for the longest duration.

1.2 Working Papers

“Labor Supply Within the Firm”, with Ryan Michaels and Choonsung Park. Latest version available from bit.ly/michelebattisti_jump

Estimates of labor supply elasticities can be sensitive to the source of identifying variation. This paper's model of production complementarities helps to interpret conflicting evidence. Complementarities attenuate working time adjustments to idiosyncratic, or individual-specific, variation in work incentives. Complementarities do not restrict, however, responses to firm-wide shocks; the latter is mediated by preference parameters. Estimating the model using matched firm-worker micro data over twenty years where we can observe virtually all employees of each firm, the paper disentangles production from preference parameters. The Frisch elasticity along the intensive margin is found to be around 0.5. A quasi-experimental approach, using idiosyncratic variation in work incentives, would find an elasticity less than half this.

“Dynamic Effects of Co-Ethnic Networks on Immigrants’ Economic Success”, with Giovanni Peri and Agnese Romiti, NBER Working Paper No. 22389, June 2016. Latest version: November 2017. Submitted.

This paper investigates how the size of co-ethnic networks at arrival affected the economic success of immigrants in Germany. Applying panel analysis with a large set of fixed effects and controls, we isolate the association between initial network size and long-run immigrant outcomes. Focusing on refugees assigned to an initial location independently of their choice allows a causal interpretation of the estimated coefficient. We find that immigrants initially located in places with larger co-ethnic networks are more likely to be employed at first, but have a lower probability of investing in human capital. In the long run they are more likely to be mis-matched in their job and to earn a lower wage.

“The Labour Market Integration of Refugees in Germany: Evidence from a Field Experiment”, with Yvonne Giesing and Nadzeya Laurentsyevea. Latest version (first draft): November 2017. Latest version available from http://bit.ly/refugees_rct

Individual skills such as education and labour market experience are certainly crucial for labour market outcomes. However: they may not be sufficient: the job search process itself requires skills and institutional knowledge, which may be scarce among some population, e.g. among newly arrived immigrants. We believe this aspect to be very much understudied. We design a field experiment to evaluate whether easing matching frictions affects the labour market integration of recent refugees in Germany. We interview around 400 job-seeking refugees who attend job-counselling sessions of a Munich-based NGO. The participants are then randomly allocated to the treatment group and the control group. For the treatment group, the NGO identifies potentially suitable employers and, upon agreement of a job-seeker, sends a CV to those employers. This treatment can isolate the effect of frictions concerning the job search process, while it has no effect on the underlying skills of refugees. We track participants over time by conducting follow-up surveys every six months. Preliminary results based on an incomplete sample show positive and significant treatment effects on employment after twelve months. Working with the full dataset we will investigate the heterogeneity of treatment effects across skill groups and legal status, and the possible tradeoff between early employment and match quality.

“Technological and Organizational Change and the Careers of Workers”, with Christian Dustmann and Uta Schönberg, November 2017. Submitted. Latest version available upon request.

“Inequality in Germany: Myths, Facts, and Policy Implications”, with Gabriel Felbermayr and Sybille Lehwald, Ifo Working Paper No. 217, 2016

In this paper we try to provide an overview of a series of simple descriptive facts on recent trends in economic inequality in Germany. We believe that it is important to be precise in the way in which

we define the inequality measure and the sample we use, to avoid generating vague messages that fail to properly inform policy makers and the public. Using mostly administrative data from the IAB and panel survey data from SOEP, we show that some of the conventional wisdom on recent trends on income inequality in Germany does not seem to find strong support in the data. In particular, we find that current low levels of unemployment are likely to imply higher levels of measured inequality among the employed, but are likely to diminish inequality among the working-age population as a whole. Our paper also discusses the importance to carefully distinguish between inequality at the individual and household levels, and separate the role of the welfare state. Finally, while admitting data limitations we briefly analyse recent trends in wealth inequality in Germany, and discuss the possible role of recent macroeconomic policies on wealth inequality.

1.3 Work in Progress

“The Gender Wage Gap in Germany: Field of Study and Occupational Choice”, with Alexandra Fedorets, April 2017

“Labour Market Effects of Cognitive Skills: an Analysis Using PIAAC-L and IAB Data”, with Simon Wiederhold, June 2017

“Trade and Inequality: the Role of Prices”, with Martin T. Braml, Florian Dorn and Gabriel J. Felbermayr, September 2017

“Active Political Participation in the Age of Facebook”, with Simone Schüller, June 2017

“Income Inequality, Geography, and Life Expectancy across Canada”, with Mohsen Javdani, October 2017

“Inequality in Germany: Decomposing Recent Trends”, with Gabriel Felbermayr and Sybille Lehwald, September 2016

2 Teaching Statement

I am very passionate about teaching. During my PhD program at Simon Fraser University (SFU) I have taught both as a Teaching Assistant¹ and an Instructor and I enjoyed it very much. My current job at the University of Munich does not include any particular teaching duties. I therefore focused on a few selected graduate courses related to my research interests. I find teaching to be the best way of learning, and I will be very happy if teaching will be a substantial part of my future career as well. I believe teaching has something in common with creative writing or playing an instrument: it might appear to an outside observer to be a matter of gift or talent, while it is fact largely about passion and hard methodical work. Great teachers work very hard on their teaching. Unlike writers and musicians,

¹Being a Teaching Assistant (TA) consists of teaching four weekly tutorials, holding two weekly office hours and grading assignments and exams.

teachers have the possibility of looking at ways to involve the students in the learning process, potentially making the learning process both easier and much more effective.

In the Summer of 2009 I had the opportunity to teach first-year Microeconomics at Simon Fraser University as an Instructor. I have constructed my own syllabus and was given complete freedom in all of the decisions First-year courses can be challenging because there are no economic concepts that one can take as given getting into the class, but are also enriching to teach, because they introduce the key concepts that do most of the “heavy lifting” in economics. In March-May 2010 I then taught an introductory course in microeconomics and macroeconomics at the New York Institute of Technology in the Vancouver campus. In teaching both courses I have tried to make the material relevant to students linking it to real-world examples and stressing the importance of learning the basic concepts intuitively. I also had in-class debates: two small groups of students had to defend one side of an argument, trying to persuade the rest of the class of their views. In-class and online discussions beforehand made students informed and involved about the topic.

In the Fall of 2010 and in the Spring of 2011 I have been the instructor of the course “Wealth and Poverty of Nations”, offered by the School of International Studies at Simon Fraser University. Most students were adult students combining university with full-time employment. The challenges of explaining economic ideas to adult students with limited mathematical training but a lot of experience and general background made me learn more about how to bring together the textbook teaching with examples that could allow the students to make links between the concepts they were learning and policies and trends taking place in the world. Students are also very generous in giving feedback, and I think that benefited the quality of the classes greatly.

During my employment at the University of Munich I have taught two PhD level courses in 2016 and 2017. While I had planned to teach a bit more in my first couple of years, my research centre has been directly involved in research work on topics concerning immigrant and refugee integration in the context of the large wave of asylum seekers entering Germany over the last three years, and that took priority. In the spring and summer of 2016 I taught a PhD level course in applied econometrics (in English) where I tried to focus on the tools that are currently the most important in the toolkit of an empirical economists, using recent academic papers to confront the students with actual issues concerning the evaluation problem. Students had in class presentations that helped fuel the discussion and could get the students to question advantage, limitations around the choices and caveats that are behind actual research in empirical economics.

Together with Prof. Gabriel Felbermayr, in the spring and summer of 2017 I have taught a PhD level seminar course in International Trade and Labour Market Outcomes as an instructor (also in English). In the lectures, we gave students a brief overview of some of what we consider the most important recent literature concerning the heterogeneous effects of international trade on the economy, and in the labour market in particular. After the lectures, the students devoted around two months to the writing of a longer term paper, which we thought of as a way to practice doing hands-on research, going beyond a literature review and developing a paper that could be the basis for a thesis chapter. The students have responded extremely well and produced really great work in our view. The University of Munich has

many excellent PhD students, so I was lucky to teach to a group where it was easy to generate interesting and thought-provoking discussions.

In the spring of 2018 I will teach a PhD level course at the University of Munich on the Economics of Migration. This course will cover some of the most recent academic research on the economics of international migration, looking at work concerning the effects of migration on the sending as well as on the receiving countries, the role of immigration policy for immigrant success. A section of the course will also be devoted to non-economic migrants and the challenges that may be specific to refugee migration.

I feel confident to lecture in labour economics (theory and empirical), applied econometrics, economics of education, public economics, economics of migration at the graduate level. At the undergraduate level, I am prepared to teach microeconomics, econometrics (theory and empirical), experimental and behavioural economics, development economics, beyond the courses I mention above. Below, I offer a summary of my teaching evaluations. Please do not hesitate to contact me if you need any additional information.

Summary of Student Evaluations from the University of Munich

Course	Role	Overall grade for instructor 1.0 top grade, 5.0 lowest grade
Applied Microeconometrics Master/PhD course (Spring/Summer 2016)	Instructor	1.2
International Trade and Labour Market Outcomes Master/PhD course (Spring/Summer 2017)	Instructor	1.1

Ranking information is not available for any of the courses above. The department does not compute it.

Summary of Student Evaluations from Simon Fraser University

Course (semester)	Role	Rating of overall teaching Ability out of 4.00	Ranking within Department
Principles of Microeconomics (Summer 2009)	Instructor	3.46	11th out of 32
Wealth and Poverty of Nations (Fall 2010)	Instructor	3.91	NA
Wealth and Poverty of Nations (Spring 2011)	Instructor	2.73	NA
Intermediate Macro (Fall 2006)	TA	3.64	5th out of 63
Economic Development (Spring 2007)	TA	3.31	15th out of 68
Principles of Microeconomics (Fall 2011)	TA	3.54	10th out of 72
Labour Economics (Spring 2012)	TA	3.55	12th out of 76

NA: Ranking is not available because the School of International Studies does not provide ranking information.

Representative Comments from Anonymous Student Evaluations

Below I provide a summary of comments from the courses I taught as an Instructor and as a TA².

University of Munich, Applied Microeconometrics (Master/PhD course, Instructor), Spring/Summer 2016

“Enthusiastic and motivated lecturer. Tries to make the students feel comfortable in class”

“The teacher is competent and takes time to explain”

“one of the very rare courses targeting problems frequently occurring in applied work”

“Short and simple explanations helped me understand many things that I had proven formally before but never really understood”

“Explanations really helped me getting the intuition”

²Comments below are representative of all comments received, of course some students do not write comments at all and so the comments below are not necessarily representative of the view of all students. Original department evaluations are available upon request

University of Munich, International Trade and Labour Market Outcomes (Master/PhD course, Instructor), Spring/Summer 2017

“Wide variety of interesting topics”

“Ability to dive deep into own research topics”

“Interesting topics, well organised”

Simon Fraser University, Econ 103 Principles of Microeconomics (Instructor) Summer 2009

“Communication with students was strong”

“Very willing to assist students in understanding the material”

“I learned a lot from this course, the assignments could be brutal sometimes but it was worth it”

“Well-informed and passionate”

Simon Fraser University, International Studies 220 Wealth and Poverty of Nations (Instructor), Fall 2010

“Michele has makings of a great professor. Well he is good, intelligent and makes economics easy”

“Michele delivered this course well; I had concerns due to his age teaching adults, but he did great”

“He gave great feedback on exam questions. Was available for discussion by email to students”

“Michele is obviously at the beginning of his teaching career (given his youth) and yet brings significant wisdom to his classroom. He is engaging, obviously cares about his subject and encourages discussion. Great choices of reading materials. He exhibited tremendous flexibility with our class ”

“Michele is an excellent teacher. He kept me engaged, he was professional, he was able to control and adjust to our demanding cohort with skill. I looked forward to his classes and the knowledge he brings to the class. He is very good at adapting to feedback and yet steering the course to where he sees it should be for all our benefit great job, thank you! ”³

Simon Fraser University, International Studies 220 Wealth and Poverty of Nations (Instructor), Spring 2011

“Too much knowledge jammed into the course”

“Very patient, always has an answer to any questions brought up. Can cover an amazing amount of information in a short period of time. Accepted criticism well and responded to it”

“Lots of knowledge in this area. He went very fast on some areas”

“Very knowledgeable and charismatic. Captures the class interest easily”

“Overall very good instructor, he always responds to emails on time”

³This was a smaller class so for this course this list is actually the exhaustive list of comments I received.

Simon Fraser University, Econ 305 Intermediate Macro (TA) Fall 2006

“Although Michele’s first language is not English he tried very hard to make sure we understood all of the material”

“Really knows what he is talking about and always willing to help”

“Very detailed, knows the material well, gives review questions that are relevant for the exam and is open for suggestions”

“Excellent TA, I liked the frequent evaluations. Comprehensive coverage of the material.”

Simon Fraser University, Econ 355 Economic Development (TA) Spring 2007

“Super organized, precise and detail-oriented. Well informed and interested in the course”

“Could pick up any confusion we may have and explain it to us. Tutorials were very informative”

“Highly enthusiastic, organized and interested in the material. He was also easy to approach and had good feedback on assignments and exams”

“Always there for extra help and super responsible”

Simon Fraser University, Econ 103 Principles of Microeconomics (TA) Fall 2011

“High enthusiasm on course material. Explains material very well”

“Encouraged questions, very solid overall TA”

“Very helpful and engaging TA”

“Tutorials were catered to students, Michele focused on the material that we wanted to discuss and was very helpful. Went out of his way to give extra help, even meeting outside of office hours”

Simon Fraser University, Econ 381 Labour Economics (TA) Spring 2012

“Very knowledgeable and approachable. I appreciate his help during office hours, He is passionate with what he is doing”

“Very good at explaining concepts. Best TA I have had at SFU”

“Very friendly and helpful. Has very smart suggestions for students”