

# Santiago Hermo

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<b>Education</b>	<b>Brown University, Department of Economics.</b> Ph.D Economics. <b>Universidad del CEMA, Departamento de Economía.</b> M.A. Economics. <b>Universidad de Buenos Aires, Facultad de Cs. Económicas.</b> Bachelor degree ( <i>Licenciatura</i> ) in Economics.	2018–2024e 2016–2017 2011–2015
<b>Fields</b>	Labor Economics, Urban and Spatial Economics.	
<b>Visiting</b>	<b>Ministerio de Trabajo, Argentina.</b> Visiting the <i>Subsecretaría de Planificación, Estudios y Estadísticas</i> on August 2022 and November 2022 to February 2023. <b>Universidad del CEMA.</b> Joint Initiative for Latin American Experimental Economics (JILAE). <b>Harvard University, Department of Economics.</b> Visiting student <b>Stockholm University, Department of Economics.</b>	2022-23  August 2022  Fall 2022  May 2021

## Working Papers

“Collective Bargaining Networks, Rent-sharing, and the Propagation of Shocks.”  
Job Market Paper, 2023.

Abstract: I study the role of collective bargaining, a prevalent wage-setting institution in many countries, in determining the effects of economic shocks on workers and firms. To do so, I leverage novel administrative data which allows me to construct the network linking employers to collective bargaining agreements in Argentina. I exploit changes in world import demand between 2009 and 2013 to construct exogenous shocks to product demand and to study how these shocks propagate through the collective bargaining network. My findings indicate that a shock equivalent to a 10% rise in firm revenue leads to a 1.5% increase in wages, and a shock equivalent to a 10% rise in average revenue of firms under the same agreement leads to a 4.3% increase in wages. The evidence suggests that these effects are driven by changes in common wage floors, which means that bargaining extends the impact of economic shocks to firms and workers not directly affected. I develop a general equilibrium model of the labor market with collective bargaining and firm heterogeneity to quantify how the degree of centralization of bargaining affects the propagation of shocks. The estimated model indicates that the degree of shock propagation is hump-shaped in the degree of centralization, with highly decentralized or highly centralized bargaining structures leading to less propagation than intermediate levels of centralization.

“From Workplace to Residence: The Spillover Effects of Minimum Wage Policies on Local Housing Markets.” (Joint with Gabriele Borg and Diego Gentile Passaro.)

Latest version: August 2023. Available at [arxiv.org/abs/2208.01791](https://arxiv.org/abs/2208.01791).

Abstract: The recent rise of sub-national minimum wage (MW) policies in the US has resulted in significant dispersion of MW levels within urban areas. In this paper, we study the spillover effects of these policies on local rental markets through commuting. To do so, for each USPS ZIP code we construct a “workplace” MW measure based on the location of its resident’s jobs, and use it to estimate the effect of MW policies on rents. We use a novel identification strategy that exploits the fine timing of differential changes in the workplace MW across ZIP codes that share the same “residence” MW, defined as the same location’s MW. Our baseline results imply that a 10 percent increase in the workplace MW increases rents at residence ZIP codes by 0.69 percent. To illustrate the importance of commuting patterns, we use our estimates and a simple model to simulate the impact of federal and city counterfactual MW policies. The simulations suggest that landlords pocket approximately 10 cents of each dollar generated by the MW across directly and indirectly affected areas, though the incidence on landlords varies systematically across space.

## Publications

“Labor market returns and the evolution of cognitive skills: Theory and evidence.”

Hermo, Santiago, Miika Päälysaho, David Seim, and Jesse M. Shapiro (2022).

*Quarterly Journal of Economics*. Available at [doi.org/10.1093/qje/qjac022](https://doi.org/10.1093/qje/qjac022).

Abstract: A large literature in cognitive science studies the puzzling “Flynn effect” of rising fluid intelligence (reasoning skill) in rich countries. We develop an economic model in which a cohort’s mix of skills is determined by different skills’ relative returns in the labor market and by the technology for producing skills. We estimate the model using administrative data from Sweden. Combining data from exams taken at military enlistment with earnings records from the tax register, we document an increase in the relative labor market return to logical reasoning skill as compared to vocabulary knowledge. The estimated model implies that changes in labor market returns explain 37% of the measured increase in reasoning skill, and can also explain the decline in knowledge. An original survey of parents, an analysis of trends in school curricula, and an analysis of occupational characteristics show evidence of increasing emphasis on reasoning as compared to knowledge.

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<b>Projects</b>	“Firms and the Evolution of Earnings Inequality in Argentina’s Volatile Economy.” (Joint with Martín Trombetta and Nicolás Sidicaro.)	
	This project uses AKM models to estimate the importance of workers, firms, and sorting in explaining the evolution of income inequality in Argentina from 1995 to 2019.	
	“The influence of successful students on their peers: Evidence from Chile’s college admissions.” (Joint with Diego Gentile Passaro and Diego Verdugo.)	
	This project uses administrative data from Chile to study whether the success of students in the college admissions system spills over to younger students in their same school or classroom.	
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<b>Conference Presentations</b>	“Labor market returns and the evolution of cognitive skills: Theory and evidence.”	
	Annual Conference of the <i>International Society of Intelligence Research</i> , July 2023	
	“Minimum wages as a place-based policy: Evidence from US housing rental markets.”	
	11th European Meeting of the <i>Urban Economics Association</i> , April 2022.	
	“The structure of wages in Argentina 1992-2016: The role of demand and supply.”	
	LII Annual Meeting of the <i>Argentine Association of Political Economy</i> , November 2017.	
<b>Conference Participation</b>	Summer Institute 2023, Labor Studies.	
	National Bureau of Economic Research, July 2023.	
	Price Theory Summer Camp 2022.	
	Becker-Friedman Institute, University of Chicago, July 2022.	
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<b>Fellowships and Awards</b>	Sarmiento Research Fellowship, Brown University	2022
	Center for Latin American and Caribbean Studies.	
	Merit Dissertation Fellowship, Brown University	Fall 2022
	Department of Economics.	
	Inequality Project Funding, Brown University.	Spring 2021
	James M. and Cathleen D. Stone Wealth and Income Inequality Project.	
	Summer Funding, Brown University.	2019, 2021
	Watson Institute for International and Public Affairs.	
	M.A.E distinguished thesis, Universidad del CEMA.	2018
	Young Researcher Award, Argentine Association of Political Economy.	2017
	Honor Diploma, Universidad de Buenos Aires.	2015
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<b>Relevant Work Experience</b>	Research Assistant for Jesse Shapiro.	2023-19
	Spring 2023, Spring 2022, Fall 2021, Fall 2020, Spring 2020,	
	Fall 2019 (hourly), Summer 2019.	
	Amazon Internship.	Summer 2021
	Research Assistant for Neil Thakral.	Summer 2020

	Consultant at INTA, Argentina. National Institute of Agricultural Technology (INTA).	Spring 2018
<b>Graduate Teaching Experience</b>	<p>Graduate TA, Brown University. <i>Applied Research Methods for Economists</i> (ECON 1629). Prof. Lorenzo Lagos.</p> <p><i>Industrial Organization</i> (ECON 1460). Prof. Grigorios Siourounis. <i>Intermediate Microeconomics</i> (ECON 1100). Prof. Pedro dal Bo.</p> <p>Graduate TA, Universidad del CEMA. <i>Mathematical Economics</i> (graduate). Prof. Manuel Calderón. <i>Political Analysis 2</i>. Prof. Jorge Streb.</p>	<p>Fall 2023</p> <p>Spring 2020</p> <p>Fall 2019</p> <p>Spring 2018</p> <p>Spring 2018</p>
<b>Other Teaching Experience</b>	<p>Lecturer, Pre-college programs at Brown. <i>Behavioral Game Theory</i>. 2 weeks. <i>Economania</i>. 1 week. <i>Behavioral Game Theory</i>. 4 weeks, online.</p> <p>Lecturer, Universidad del CEMA. <i>Applied Econometrics with R</i>. 9 classes, online.</p> <p>Lecturer, Universidad de Buenos Aires. <i>Methodology of the Social Sciences</i>. Full semester.</p> <p>Lecturer, Universidad de Lomas de Zamora. <i>Methodology of the Social Sciences</i> and <i>Microeconomics</i>. Full semester.</p>	<p>Summer 2019, 2022</p> <p>Summer 2019, 2022</p> <p>Summer 2020</p> <p>April 2021</p> <p>2015-17</p> <p>2016-17</p>
<b>Refereeing</b>	<i>Quarterly Journal of Economics</i> , <i>Journal of the European Economic Association</i> , <i>American Economic Review: Insights</i> , <i>Journal of Urban Economics</i> , <i>Journal of Applied Economics</i> .	
<b>Service</b>	<p>Co-organizer of Region/Urban/Spatial/Housing Online Brownbag. Website: <a href="https://grad-student-urban-brownbag.netlify.app">grad-student-urban-brownbag.netlify.app</a></p> <p>Co-organizer of Applied Micro Breakfast, Brown University.</p>	<p>2023</p> <p>2022-23</p>
<b>Languages</b>	Spanish (native), English (full professional proficiency).	
<b>Software</b>	R, Python, STATA, QGIS, Git, L <sup>A</sup> T <sub>E</sub> X.	