Events

April
Cycle de conférences publiques A l’écoute des sciences sociales > Tuesday 6th
Marcel Gauchet, EHESS, Comprendre le malheur français
Location: Bibliothèque départementale des Bouches-du-Rhône, Marseille
Partenariat EHESS, ABD Gaston Defferre
Organized by Jean Boutier, Yves Doazan

May
Cycle Gouvernance et transformations structurelles en Méditerranée - Mardis de la Villa > Tuesday 2nd
Mohamed Tozy, IEP Aix, Ecole de Gouvernance et d’Economie de Rabat
Location: Villa Méditerranée, Marseille
Partenariat AMSE, IBERA, Villa Méditerranée, La Tribune
Organized by Raouf Boucekkine, Yves Doazan

Workshop in International Macroeconomics > Friday 5th
Location: Château Lafarge, Les Milles
Organized by Karine Gente and Mick Devereux

Conference Les Mardis de la Villa > Tuesday 9th
Gilles Dufrenot, AMU, Greqam-AMSE
Location: Villa Méditerranée, Marseille
Partenariat AMSE, Villa Méditerranée
Organized by Yves Doazan

June
Journées Louis-André Gérard-Varet #16 > Monday 12th - Tuesday 13th
International conference in Public economics
Location: Conservatoire Darius Milhaud, Aix-en-Provence
More details on https://lagv2017.sciencesconf.org
Organized by Charles Figuières

Workshop Inequalities > Wednesday 14th - Thursday 15th
Location: FEG Jules Ferry, Aix-en-Provence
Organized by Nicolas Gravel

Workshop AMSE-Banque de France > Friday 16th
Macroeconomics
Location: Greqam-AMSE, ilot Bernard Du Bois, Marseille
Organized by Céline Poilly

Workshop Wellbeing and Justice in the Social Sciences > Monday 26th - Tuesday 27th
Location: TBA
Organized by Mohammed Abu Zaineh and Miriam Teschl

Focus

In May, Greqam-AMSE will move in Marseille beneath the main train and bus station 5-9 Boulevard Bourdet

Globalization Lecture > Monday 15th
Jérôme Adda, Bocconi University
Location: TBA
Organized by Yann Bramoullé

Outline

p. 1 Events and News
p. 2 AMSE Visitors: Geir B. Asheim; Rajeev Dehejia
p. 3-7 Research Highlights
  • Altruism in Networks
  • The Hidden Economic Burden of Traffic Pollution: Evidence from the Aphekom Project
  • Microfinance Spillovers: A Model of Competition in Informal Credit Markets with an Application to Indian Villages
  • Effects of Immigration in Frictional Labor Markets: Theory and Empirical Evidence from EU Countries
  • Environmental Pollution and Biodiversity: Light Pollution and Sea Turtles in the Caribbean
p. 8 Food for Thought
p. 8-10 Recent Publications
Geir B. Asheim

Geir B. Asheim is professor of economics at the University of Oslo. He is a member of the Norwegian Academy of Science and Letters and an editor of the journal Social Choice and Welfare. Geir was born in Stavanger, Norway, and he holds a Ph.D. in economics at University of California, Santa Barbara. He has had longer visits to several North-American universities, including Cornell, Harvard, Montréal, Northwestern and Stanford, and he has been a fellow at the Institut d’études avancées de Paris.

His main research fields are: (1) Game theory in which he has published the book The Consistent Preferences Approach to Deductive Reasoning in Games (2006) in addition to a number of journal articles (one awarded the Royal Economic Society Prize). (2) Intergenerational equity in which he has published numerous articles during the last 30 years. During the last few years, his research has focused on axiomatic analysis of intergenerational equity, motivated by the need to resolve the intergenerational conflicts that climate change leads to.

Rajeev Dehejia

Rajeev Dehejia is a visiting professor at AMSE for June 2017. He is on the faculty of the Robert F. Wagner Graduate School of Public Service at New York University, and was previously at the Department of Economics and The Fletcher School at Tufts University and at the Department of Economics and the School of International and Public Affairs at Columbia University. Visiting positions include Harvard, Princeton, and the London School of Economics. He is a research associate of the National Bureau of Economic Research, and affiliated with the Institut zur Zukunft der Arbeit (IZA) and CESifo. He is a co-editor of the Journal of Business and Economic Statistics.

Rajeev’s research interests include econometrics, development economics, labor economics, and public economics, with a focus on applied empirical micro. Rajeev has worked on econometric methods for program evaluation, including matching and propensity score methods, Bayesian methods for program evaluation, and most recently external validity in experimental and non-experimental methods. Another theme in his research is household response to uncertainty, looking at issues such as child labor, micro finance enterprises, fertility decisions, and religion and consumption insurance.


This is Rajeev’s fourth visit to AMSE.
Altruism in Networks


The research program

In many circumstances, individuals give money, time or resources in kind to others. These private transfers typically represent a fairly large share of the formal economy, even in developed economies. They also interact with market transactions and with public transfers in complex ways. For instance, financial transfers within French families doubled following the 2008 crisis, to reach about 4% of GDP, suggesting a strengthening of informal safety nets in response to economic upheaval. A large empirical literature also finds evidence of eviction between public and private transfers. When poor households become beneficiaries of a new public program, their richer kin often decrease their informal support. This weakens the impact of the program on its targeted recipients and generates spillovers on untargeted households. Thus, private transfers have major impacts on social welfare and economists have strived to understand their causes and consequences.

Our paper brings together two main features of private transfers: altruism and networks. Altruism appears to be a main motive behind transfers: People give to others they care about and, in particular, to their family and friends in need. Economists have long acknowledged the central role played by altruism. Following pathbreaking contributions by Gary S. Becker and Robert J. Barro in 1974, hundreds of articles have studied the economic effects of altruistic transfers. However, almost all of these studies have considered simplistic, unrealistic structures of altruistic ties such as small disconnected groups or linear dynasties. In fact, as is well-known from human genealogy, family ties form complex networks. And indeed, detailed empirical studies of transfers find strong evidence of network patterns. Private transfers flow through social and family networks, and tend to constitute complex networks themselves.

Paper’s contributions

We provide the first theoretical analysis of altruism in networks. We assume that agents are embedded in a fixed network and care about the well-being of their network neighbors. We adopt a benchmark model of altruism and assume that an agent’s social utility is a linear combination of her private utility and others’ private and social utilities. Depending on incomes, agents may provide financial support to their poorer friends. We study the Nash equilibria of this game of transfers.

We find that transfers and consumption depend on the network in complex ways. In equilibrium, an individual’s transfers may be affected by distant agents. Income shocks may propagate throughout the network of altruism. Our analysis highlights the role played by transfer intermediaries, transmitting to poorer friends money received from richer friends, in mediating these effects.

Computing equilibria is not immediate. We make theoretical headway by uncovering a key property of the game of transfers. We show that Nash equilibria maximize a concave potential function, linked to well-known problems of optimal transport on networks. This allows us to establish existence, uniqueness of equilibrium consumption, and generic uniqueness of equilibrium transfers.

We then characterize the impact of changes in incomes and in the altruism network. We find that these impacts depend on the structure of equilibrium transfers before the change. Adjustments in private transfers can have far-reaching repercussions and can generate surprising indirect effects. In particular, we show that a decrease in income inequality or an expansion in altruism can end up increasing consumption inequality.

The research process

This is an instance of a project where the final version differs much from the original submission. We obtained many new results in the revision process and still had to cut the paper’s length in half. One consequence is that we now have an Online Appendix which is twice as long as the published article (!) This forced us to focus in the paper on core results and insights. In the end, we believe that it benefitted from this trimming so it may be further proof that in research, less is often better...

Future research

Building on our analysis, many interesting issues could be studied in future research. We are currently working on a follow-up project looking at stochastic incomes. We seek to understand the risk-sharing and consumption smoothing properties of altruism networks. Altruism also has important implications for the design of public policies. When agents are embedded in a network of altruism, how to target recipients of poverty alleviation program? How to introduce formal insurance into communities? How to tax gifts and bequests? Bringing the model to data could also be particularly interesting despite, or perhaps thank to, the challenges involved.

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**Short Biography**

Renaud Bouriès has been an associate professor at Ecole Centrale Marseille since 2009. He obtained his PhD in 2008 from the University of Aix-Marseille.

Yann Bramoullé has been a CNRS directeur de recherches at AMSE since 2012. He obtained his PhD in 2002 from the University of Maryland, College Park. He was a postdoctoral fellow at Toulouse between 2002 and 2004. He was first an assistant professor and then an associate professor at Laval University in Québec between 2004 and 2012.
The Hidden Economic Burden of Air Pollution-related Morbidity: Evidence from the Aphekom Project


The research program

From 2008 to 2011, 60 scientists from 12 countries across Europe collaborated on the EU-funded Aphekom project. Their objective: to provide decision makers with new information and tools enabling them to set more effective policies on air pollution and its impact on health.

To estimate the current burden attributable to a policy, a program or a project in areas as diverse as agriculture, energy, transport, waste, water or air pollution, public health researchers and regulatory agencies use risk assessments - or quantitative health impact assessments (HIA). Mortality effects have so far dominated the debate, partly because individual willingness to reduce mortality is much greater than willingness (or the tangible costs) to reduce morbidity (i.e. being diseased or unhealthy).

Here, we focus on chronic diseases (CD) caused by air pollution exposure. CDs impose a heavy burden in terms of quality of life and costs (both tangible and intangible) at both individual and collective levels, carrying major implications for high-life expectancy societies. Yet the economic burden of this chronic morbidity when CDs are caused and exacerbated by a common factor has usually not been explicitly evaluated by standard HIAs, due both to the lack of sufficient epidemiological evidence and to insufficient data.

Paper’s contributions

We propose a comprehensive HIA that explicitly considers that exposure to near-road traffic-related pollution may affect the onset of CDs, and that urban background air pollution may exacerbate these CDs (acute effects). Our HIA makes it possible to compute the overall burden of disease attributable to air pollution.

We investigate to what extent standard HIAs of the acute effects of air pollution on CDs underestimate the economic burden that would be avoided by reducing the onset of CDs through a decrease in air pollution exposure. We illustrate the limits of standard HIAs with an assessment based on two CDs: asthma in children and coronary heart disease in adults over 65, for 10 European cities.

We find that the standard HIA based on acute effects alone accounts for only about 6.2 % of the annual hospitalization burden computed with the comprehensive HIA, and for about 0.15 % of the overall economic burden of air pollution-related CDs (€ 370 million (95 % CI 106–592)). Morbidity effects thus impact the health system more directly and strongly than previously believed.

The research process

I was in charge of the economics part of the Aphekom project and this article is the fruit of a longstanding collaboration with three epidemiologists (20 years in two cases). Our starting point was that although mortality was fully accounted for in standard HIAs, the fact that some CDs strongly contribute to this mortality impact by worsening the state of health was neglected, from both an epidemiological and an economic perspective.

From the epidemiological perspective, a vast effort went into developing a metric of traffic exposure by age of population at street level (using Geographical Information System) and collecting and selecting the most relevant health data. From an economic perspective, we had to go beyond the standard economic approach, to ascertain the (annual or lifetime) cost of CD onset and to avoid any possible overlapping due to a portion of the exacerbation cost already being included in the cost of CD onset.

Finally, our comprehensive HIA was able to compare current health effects with those that might, hypothetically, be obtained 1) if exposure to traffic-related pollution for those living close to busy roads was as low as for those living farther away, and at the same time 2) if annual mean concentrations of both PM10 and NO2 — taken as markers of urban background air pollution — were no higher than 20 μg/m3.

Paper's contributions

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Microfinance Spillovers: A Model of Competition in Informal Credit Markets with an Application to Indian Villages


The research program

From the 1980s onwards, microfinance institutions (MFIs) spread throughout the world, reaching more than 200 million poor families by 2010. There is an extensive theoretical literature on how innovative contractual structures and organizational forms – such as group lending – lead to small and uncollateralized loans being provided for otherwise-constrained households, by mitigating the well-known adverse selection and moral hazard problems that traditionally plague informal credit markets. However, general-equilibrium effects and redistributive issues remain largely unexplored. Yet, in many contexts, MFIs do not simply replace incumbent informal lenders, but instead coexist with them in local credit markets. Although imperfect in most cases, such markets remain very important to many people’s welfare. It is therefore crucial to understand how informal lenders adapt to the presence of MFIs and to identify any consequences for borrowers outside the microfinance sector.

Paper’s contributions

In this paper, I analyze both theoretically and empirically when and how MFIs are expected to modify the equilibrium of informal credit markets. MFIs’ entry potentially limits the market power of incumbent moneylenders. However I show that, depending on market characteristics, MFIs can actually worsen the informational problems that cause traditional lenders to charge high interest rates. I then use micro panel data to distinguish between alternative theories present in the literature and to quantify externalities in local informal credit markets.

I develop a model of horizontal competition between zero-profit MFIs that lend limited funds using joint-liability contracts and traditional moneylenders who offer standard individual loans, in rural credit markets characterized by adverse selection and limited liability. I show that, because MFIs’ contracts generate peer screening that favors the safest borrowers, their entry can generate a negative composition externality on incumbent moneylenders and trigger an increase in the equilibrium informal interest rate. In such cases, the coverage of potential borrowers stays unchanged or even decreases following MFIs’ entry, and there is a welfare redistribution from non-clients to clients of MFIs. This equilibrium is expected when the market is not too risky and MFIs have limited funds.

I then present empirical evidence supporting the assumptions and predictions of the model, using first-hand data from a long panel household survey in villages in East India. I show that microfinance clients have a safer profile than other households in their village, and borrow extensively from moneylenders before the MFIs start operating. Thereafter, the demand for informal loans decreases strongly, though the two sectors continue to coexist. Contrary to what a simple competition argument would predict, I find that moneylenders charge higher interest rates in villages where there are some group-lending institutions than where there are none. Moreover, in line with the theoretical mechanism presented in the paper, the relation between informal interest rates and microfinance capacity is concave and exists only in relatively safe villages.

Discussion and future research

The implication of the model is that policy makers and practitioners need to be aware of potential negative spillover or general-equilibrium effects, over and above any direct impact derived from the entry of MFIs into local markets. The paper provides a clear microeconomic framework to consider the effects of new services such as microfinance on traditional institutions that have played important economic roles locally. This suggests that empirical studies seeking to assess the impact of microfinance should be taken with caution, as inappropriate comparison groups may strongly bias estimates and failure to take into account such externalities may deliver a very partial picture. Future research should aim at quantifying such externalities and redistributive effects, e.g. through appropriately-designed randomized experiments.

The theoretical model presented in this paper could be extended along several lines. Moral hazard could be introduced by assuming imperfect monitoring by the lenders. Other competition frameworks could be envisaged, e.g. both moneylenders and MFIs could be for-profit and enjoy market power, implying a two-sided strategic interaction between lenders.

Timothée Demont

Timothée Demont joined Aix- Marseille University in 2015 as a maître de conférences. He obtained his PhD in Economics in 2013 from the University of Namur (Belgium), where he conducted his research within the Center for Research in the Economics of Development. He was subsequently a visiting scholar at Stanford University and a post-doctoral researcher at CERDI in Clermont-Ferrand.
Effects of Immigration in Frictional Labor Markets: Theory and Empirical Evidence from EU Countries


The research program

The consequences of immigration on labor market outcomes and host country welfare are at the forefront of the policy debate and have been extensively discussed in the economic literature. From a theoretical point of view, the arrival of an immigrant wave should trigger, in the short run, a reduction in the wages of competing natives and thus discourage labor force participation. However, the empirical literature has failed to find a consistent negative impact of immigrants on natives’ labor market outcomes.

Different explanations have been put forward. Some studies underline the complementary relationship between natives and immigrants in the production process, others suggest that immigrants influence natives’ labor market decisions through general-equilibrium effects and still others argue that firms adjust to unskilled labor supply shocks by adopting less skill-biased technology.

Paper’s contribution

We propose an alternative factor explaining the absence of immigrants’ negative impact on natives’ labor market outcomes: immigrants are newcomers to the host country labor market. As a consequence, they lack host-country-specific labor market knowledge and other valuable assets (i.e. eligibility and amount of unemployment benefits). These characteristics affect immigrants’ outside options and put them in a weaker bargaining position than natives when negotiating their wages with employers, making them more profitable workers. As a result, following an inflow of immigrants, the average expected profit of firms operating in the receiving labor market increases, raising incentives to open more vacancies and thus employment. Our paper provides empirical evidence on this mechanism.

We use data on males from the European Labor Force surveys from 1998 to 2004. Our identification strategy relates the differential changes over time in the share of immigrants across occupations (and sectors) within countries to the corresponding time variation in the natives’ employment rate (a difference-in-differences strategy).

Our findings reveal that a 10% increase in the share of immigrants in an occupation increases natives’ employment rate within that occupation by 0.47%. Although the estimated impact is small, it is important to note that the share of immigrants in most occupations more than doubled over our sample period, suggesting that immigrants may have had a substantial effect on employment creation over this short period of time. In the same way, the arrival of one immigrant in a particular sector promotes a flow of native employment towards the receiving sector (crowding-in effect). Immigrants thus have a positive influence on native employment.

To test the relevance of our mechanism as a determinant of this positive impact, we exploit heterogeneity across immigrants and host countries’ institutions. We find that immigrants with the lowest relative reservation wage with respect to natives (i.e. recently arrived immigrants and immigrants from outside the EU-15) have the most positive impact on native employment. Moreover, using the unemployment benefit take-up rate ratio of natives to immigrants, we find that the positive impact of the share of immigrants on natives’ employment rate increases with the value of this ratio. The greater the difference between the reservation wage of natives and of immigrants, the greater the impact of immigrants on native employment.

Future research

Our paper reveals that, in the short run, immigrants create a positive externality on native employment due to their lower reservation wage. This finding, however, evokes the central and often contentious issue of how immigrants fare in host country societies. Understanding immigrants’ success in a host country is of paramount importance for the design and the sustainability of migration policies. To a large extent, this success depends on immigrants’ labor market integration, which itself largely depends on immigrants’ skills and how these skills are valued in their host country labor markets. These two factors directly determine immigrants’ relative employment and wage performance, and will be the subject of future research.

Short Biography

Eva Moreno Galbis obtained a PhD in economics in 2004 from the Catholic University of Louvain.

In 2005, she was recruited as maître de conférences by the University of Maine (France) and in 2010 she became professor at the University of Angers.

She joined the University of Aix-Marseille and GREQAM in September 2016.
Environmental Pollution and Biodiversity: Light Pollution and Sea Turtles in the Caribbean


The research program

Biodiversity is believed to play an important role in the health of ecosystems, which in turn suggests important use and non-use values for society. However, the extraordinary rate of species extinction over the last 100 years, largely due to anthropogenic factors, has many scientists fearing that we may be entering a new era in the sixth mass extinction. Yet despite international agreements, not much progress has been made in reducing the rate of species loss to date. Part of the problem is the lack of studies quantitatively assessing humans’ role in the observed losses and providing estimates with monetary values. We take a new approach to valuing the cost of environmental pollution associated with species extinction, using the case study of light pollution and sea turtles.

Paper’s contributions

This paper is the first study to quantify the effects and costs of light pollution in terms of species loss. It assembles a panel dataset on nesting activity in Guadeloupe and light intensity on the corresponding beaches, using information derived from satellite imagery. In a spatial econometric framework, the analysis shows that light pollution has significantly reduced the nesting activities of sea turtles. Simulations of these losses via a stage-structured population model show that night light pollution substantially decreases the turtles’ time to extinction. The replacement costs of raising sea turtles in captivity from a head-start program in the Cayman Islands suggest a value of $US 288 million for the loss of approximately 1800 sea turtles over the past twenty years due to light pollution. However, future costs are likely to rise to $2.8 billion in Guadeloupe alone, due to the eventual extinction of the species. More generally, our study provides a new approach to valuing the cost of environmental pollution associated with species extinction.

The research process

The idea for this project came when I sat down one evening to have dinner just 20m from a beach at a hotel aptly named Turtle Beach Hotel on the small island of Tobago. True to the name of the hotel, a female loggerhead sea turtle soon after labored itself from the sea onshore in search of the perfect spot to nest, in full view of all those in the restaurant. Unsurprisingly, nearly the entire clientele (including myself) abandoned their meals to rush onto the beach to get a closer view. But unfortunately, a large part of the crowd (not myself), also pulled out their cameras and/or phones to have photographic evidence of the spectacle. The sea turtle in turn, perhaps shy of the new-found stardom, but more likely feeling threatened by the crowd and the light show of flashes, abandoned its nesting intentions and disappeared back into the sea. As I and my co-authors later learned, although the problem of light pollution for marine life is recognized as a common and significant factor, its quantitative importance is largely underexplored in both the economics and biology literature. The real challenge in this regard, then, was to obtain sufficient data on both light pollution and sea turtle nesting activity to undertake a credible analysis.

Future research

Having made a first attempt at quantifying the extent and cost of light pollution for sea turtles, the obvious next challenge is identifying an effective policy for reducing the impact of light pollution on sea turtle nesting. Some Florida counties and municipalities have progressively introduced legislation to explicitly address the problem of light pollution. At the same time, the Florida Fish and Wildlife Conservation Commission has, since the late 1980s, meticulously surveyed a selected sample of beaches during nesting season. Moreover, there are a number of turtle ‘clinics’ in the US that raise turtles to be released in the wild, providing US-specific replacement costs. We are in the process of collecting these data to assess the feasibility and cost of restricting the impact of light pollution through local legislation.

Eric Strobl joined Aix-Marseille University in 2016 as Professor. He obtained his PhD from Trinity College in 1997 and subsequently held positions at Trinity College Dublin, University College Dublin, University of the West Indies, Université Catholique de Louvain, Université Paris X and Ecole Polytechnique.
The greatest escape in human history is the escape from poverty and death. For thousands of years, those who were lucky enough to escape death faced years of grinding poverty. Building on the Enlightenment, the Industrial Revolution, and the germ theory of disease, living standards have increased by many times, life spans have more than doubled, and people live better lives than ever before. [...] But the escape is far from complete. A billion people suffer living standards, schooling, and life spans that are little better than those of their (or our) forebears.


Recent Publications


Campagnolo, G.; Takahashi K. « Penser la vie matérielle des hommes : le jeune Hegel et les producteurs modernes ». *Saitama Daigaku Kiyo, Kyoyogakubu* Faculty of Liberal Arts **2016**, *52*(1), 131-139.


Clain-Chamosset-Yvard, L.; Kamihigashi T. International transmission of bubble crashes in a two-country overlapping generations model. *Journal of Mathematical Econom-


Richert, C.; Erdlenbruch K.; Figuieres C. The determinants of households’ flood mitigation decisions in France - on the possibility of feedback effects from past investments. *Eco
glogical Economics* 2017, 131 (C), 342-352.


