

**NEWSLETTER 2019-10****CALENDAR:****Departmental Seminar**

Matthias Doepke (Northwestern University):
*Employment Protection, Investment in Job-Specific Skills, and
Inequality Trends in the United States and Europe*

Monday, May 27
16:30–18:00
H25

IOS Seminar

Tobias Korn (Universität Hannover):
*The Emergency – British detention camps and the origins of
distrust in Kenya*

Tuesday, May 28
13:30–15:00
WiOS 109 (Landshuter Str. 4)

ABSTRACTS:**Departmental Seminar**

Matthias Doepke:

(joint work with Ruben Gaetani)

Employment Protection, Investment in Job-Specific Skills, and Inequality Trends in the United States and Europe

Abstract: Since the 1980s, the United States has experienced a sharp rise in the college wage premium. In contrast, in a number of European economies such as Germany and Italy the return to education stayed roughly the same. In this paper, we argue that differences in employment protection can account for a substantial part of these diverging trends. In our model, firms and workers can invest in relationship-specific capital: firms can create jobs that are complementary to experienced workers with long tenure, and workers can make corresponding investments in firm-specific skills. The incentives to undertake such investments are stronger when employment protection creates an common expectation of long-lasting firm-worker matches. Firms and workers also invest in relationship-specific capital in a calm economic environment where match-specific shocks are small. The diverging inequality patterns between the United States and Europe emerge from different levels of employment protection combined with an increase in "turbulence" (Ljungqvist and Sargent 1998) in the economy starting in the 1980s.

IOS Seminar

Tobias Korn:

The Emergency – British detention camps and the origins of distrust in Kenya

Abstract: This study examines the long-run effects of British detention camps in colonial Kenya on contemporary economic well-being and trust. During the dawn of colonial rule in Kenya, the British Empire was confronted with a violent uprising to which it responded with far-reaching measures, in effect suspecting anyone sharing the ethnicity of the so-called Mau Mau movement, and incarcerating a significant share of the native population. Exploiting geographic and individual characteristics to identify the affected individuals and households, we show that individuals exposed to detention camps have worse development outcomes today. We use rich contemporary survey data to document that affected individuals tend to be less trusting, accumulate less wealth, and are less literate, even though their ethnic kin belong to the ruling class of independent Kenya.

SAVE THE DATE:

The **IOS Annual Conference** "Firms and Social Change in Eastern and Southeastern Europe. Historical, Political and Economic Perspectives" will take place on Friday, May 24, 2019 and Saturday, May 25, 2019. For more details see <https://www.ios-regensburg.de/veranstaltungen/jahrestagung.html>.

We gratefully acknowledge financial support of the Departmental Seminar by the Regensburger Universitätsstiftung Hans Vielberth.



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Editorial deadline for Newsletter No. 2019-11:
Wednesday, May 29 – 11 am

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