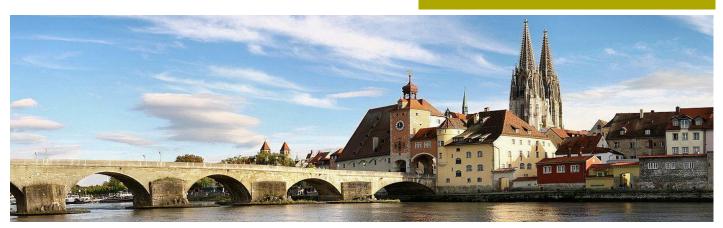


REGENSBURGECONNEWS



Newsletter 2019-18

CALENDAR:

Lunch Seminar

Dominik Sachs (University of Munich): The Indirect Fiscal Benefits of Low-Skilled Immigration

IOS Seminar

Milena Nikolova (University of Groningen): *Stalin and the Origins of Mistrust*

Wednesday, July 24 12:00–13:30 VG 2.35

Special Date

Thursday, July 25 13:30–15:00 WiOS 109 (Landshuter Str. 4)

ABSTRACTS:

Lunch Seminar

Dominik Sachs:

The Indirect Fiscal Benefits of Low-Skilled Immigration

Abstract: We explore how low-skilled immigration indirectly affects public finances through the effect on wages and tax payments of natives. We derive a simple transparent formula for this indirect fiscal effect for the canonical model (college and high school labor as imperfect substitutes) and for alternative settings that have been considered in the empirical immigration literature. Based on existing estimates of the wage effects and a careful calibration of marginal tax rates, we show that one low-skilled immigrant adds between \$500 and \$1,500 annually to U.S. public finances through this channel.

IOS Seminar

Milena Nikolova:

Stalin and the Origins of Mistrust

Abstract: We show that current differences in trust levels within former Soviet Union countries can be traced back to the system of forced prison labor during Stalin's rule, which was marked by high incarceration rates, repression, and harsh punishments. We argue that those exposed to forced labor camps (gulags) became less trusting and transferred this social norm to their descendants. Combining contemporary individual-level survey data with historical information on the location of forced labor camps, we find that individuals who live near former gulags have low levels of social and institutional trust. Our results are robust to a battery of sensitivity checks, which suggests that the relationship we document is causal. We outline several causal mechanisms and test whether the social norm of mistrust near gulags developed because of political repression or due to fear that inmates bring criminality. As such, we provide novel evidence on the channels through which history matters for current socioeconomic outcomes today.

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



RegensburgEconNews

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Editorial deadline for Newsletter No. 2019-19: Wednesday, July 24 – 11 am

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