20^{th} End-of-Year Conference of Swiss Economists Abroad

December 19, 2025

University of Bern

Organizers: Enrico Berkes (University of Maryland Baltimore County), Patrick Gaule (University of Bristol), Michele Pelli (Central Bank of Ireland)

Local Organizers: Michael Gerfin, Maximilian von Ehrlich, and Manuela Soltermann (University of Bern)

Learn more about our network at www.swisseconomistsabroad.org

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UNIVERSITÄT BERN

20th End-of-Year Conference of Swiss Economists Abroad

Daily Schedule

Thursday, December 18

19:00 - 21:30	**Conference Dinner** (Restaurant Tre Fratelli, Laupenstrasse 17, 3008 Bern)		

Friday, December 19

08:30 - 09:00	**Arrival, Registration, Coffee** (UniS)		
09:00 - 09:10	**Welcome Session**		
09:15 - 10:35	**Parallel Sessions 1 – 3**		
	1. Labor	2. Micro	3. Finance I
10:35 - 11:05	**Coffee Break**		
11:05 - 12:25	**Parallel Sessions 4 – 6**		
	4. STEM and Innovation	5. Macro I	6. Finance II
12:25 - 14:00	**Lunch** (Restaurant Hallers, Hallerstrasse 33, 3012 Bern)		
14:00 - 15:20	**Parallel Sessions 7 – 9**		
	7. Environment / Sustainability	8. Macro II	9. Finance III
15:20 - 15:40	**Coffee Break**		
15:40 - 17:00	**Parallel Sessions 10 – 12**		
	10. Transportation / History	11. International Economics / Finance IV	12. Finance V
17:00 - 18:00	**Apéro** (UniS)		

20th End-of-Year Conference of Swiss Economists Abroad

Detailed Conference Program

Friday, December 19

08:30 - 09:00	**Arrival, Registration, Coffee (UniS)**
09:00 - 09:10	**Welcome Session (B-102)**
09:15 - 10:35	**Session 1: Labor (B-104)**
Aline Buetikofer	Intergenerational Persistence in Blended Families
Lukas Freund	Job Transformation, Specialization, and the Labor Market Effects of AI
Stefan Staubli	The Welfare Effects of Employment Protection for Older Workers
09:15 - 10:35	**Session 2: Micro (B-103)**
Simon Loertscher	Bargaining: A Unified Approach
Fidel Petros	Fighting End-Year Wasteful Spending through Intraorganizational Transfers
Patrick Arnold	Common Ownership and Intertemporal Price Discrimination
09:15 - 10:35	**Session 3: Finance I (B-102)**
Gazi Kabas	Giving up on the Home? How Downpayment Requirements Shape Consumption and Saving
Vincent Bogousslavsky	An Anatomy of Retail Option Trading
Thomas A. Maurer	Jump Risk Premia in the Currency Market: Evidence from Quanto Forwards
10:35 - 11:05	**Coffee Break (UniS)**
11:05 - 12:25	**Session 4: STEM and Innovation (B-104)**
Justus Bamert	Broadband internet and fact-resistant beliefs: The case of climate change skepticism
Patrick Gaule	How Effective is Online Education for Gifted Students? Evidence from a Global RCT
Enrico Berkes	The Decline in the Transmission of Scientific Ideas
11:05 - 12:25	**Session 5: Macro I (B-103)**
Michele Andreolli	Discretionary Spending is the Cycle, and Why it Matters for Monetary Policy
Daniela Hauser	Time Use and Consumption Expenditures
Michael Barczay	How to Finance the Green Transition? The Political Economy of Green Investment Tax Credits

11:05 - 12:25	**Session 6: Finance II (B-102)**
Michael Kogler	Monetary Policy and the Cost of Financial Intermediation
Alexandra Matyunina	Bank Consolidation and Bank Credit Risk
Lukas Altermatt	Causes and Effects of the Shift to Spray and Pray in Venture Capital
12:25 - 14:00	**Lunch (Restaurant Hallers, Hallerstrasse 33, 3012 Bern)**
14:00 - 15:20	**Session 7: Environment/Sustainability (B-104)**
Nicolas Cerkez	Extreme Weather Events and the Support for Democracy
Sarah Meier	Forest Conservation Policy, Additionality, and Socio-environmental Implications
Kathrin Durizzo	Are “Laws Without Enforcement Just Good Advice”?: Evidence from the Swiss Corporate Sustainability Reporting Mandate on Human Rights Reporting
14:00 - 15:20	**Session 8: Macro II (B-103)**
Oliver Pfäuti	Attention to the Macroeconomy
Amalia Repele	Wealth Sorting and Cyclical Employment Risk
14:00 - 15:20	**Session 9: Finance III (B-102)**
Fabienne Schneider	Security Lending Facilities: from Last to First Resort. Evidence from Sweden
Andrey Pankratov	When Interest Rates Go Crazy: A Precise Methodology of Stress Testing for Bond Portfolios
Constantin Bürgi	Makers and Takers: The Economics of the Kalshi Prediction Market
15:20 - 15:40	**Coffee Break (UniS)**
15:40 - 17:00	**Session 10: History (B-104)**
Max Posch	Doux Commerce: Markets, Culture, and Cooperation in 1850-1920 U.S.
Sara Bagagli	The Fastest Route to Specialization? Evidence from the Expansion of the Italian Highway System
Luca Looser	Frictions in Structural Change: Evidence from the Dust Bowl
15:40 - 17:00	**Session 11: International Economics/Finance IV (B-103)**
Fabricius Somogyi	Treasury Auctions and Long-Term Bond Yields
Oliver Vogt	FX Market Depth and Exchange Rate Volatility
Philippe Mueller	Uncovered Interest Parity in High Frequency

15:40 - 17:00	**Session 12: Finance V (B-102)**
Luzi Hail	Transparency and Real Effects of Climate Stress Tests for Banks
Benjamin Schneider	Green Bonds: Commitment to Sustainability under Asymmetric Information
Lukas Roth	Controlled Firms, Preferences, and Carbon Emissions
17:00 - 18:00	**Apéro (UniS)**

Abstracts

[25 minutes per paper, including questions, for sessions with 3 papers. The last presenter is the timekeeper]

09:15 - 10:35 Session 1: Labour (B-104)

Intergenerational Persistence in Blended Families

Aline Bütikofer (Norwegian School of Economics)*, Katrine Løken (Norwegian School of Economics) and Nikodem Szewczyk (Norwegian School of Economics)*

The family as a unit has become more diverse over time. Most economic models do not consider this growing complexity. Nevertheless, this changing family structure may have implications for adults forming relationships and for children being raised within these families. We investigate whether intergenerational mobility, based on biological links, underestimates the persistence of inequality in blended families and whether family complexity reinforces inequality across generations. We construct family trees that include stepparents (married and cohabiting partners of biological parents) and estimate intergenerational persistence in blended families, accounting for biological and stepparents. Using various human capital measures, we show that traditional parent-child estimates underestimate intergenerational persistence by at least one-third in blended families.

Job Transformation, Specialization, and the Labor Market Effects of AI

Lukas B. Freund (Boston College)*, Lukas F. Mann (Arizona State University)*

Who will gain and who will lose as AI automates tasks? While much of the discourse focuses on job displacement, we show that job transformation—a shift in the task content of jobs—creates large and heterogeneous earnings effects. We develop a quantitative, task-based model where occupations bundle multiple tasks and workers with heteroge-neous portfolios of task-specific skills select into occupations by comparative advantage. Automation shifts the relative importance of tasks within each occupation, inducing wage effects that we characterize analytically. To quantify these effects, we measure the task content of jobs using natural language processing and estimate the distribution of task-specific skills. We construct projections of automation effects due to large language models (LLMs), exploiting a mapping between model tasks and automation exposure measures. Within highly exposed occupations, like office and administrative roles, workers specialized in information-processing tasks leave and suffer wage losses. By contrast, those specialized in customer-facing and coordination tasks stay and experience wage gains as work rebalances toward their strengths. Our findings challenge the common assumption that automation exposure equates to wage losses; and highlight that AI, through job transformation, may be disruptive even absent job displacement.

The Welfare Effects of Employment Protection for Older Workers

Todd Morris (University of Queensland), ***Stefan Staubli (University of Calgary)****, Benoit Dostie (HEC Montréal)*

We study contemporary mandatory retirement bans across Canadian provinces using linked employer-employee tax data. The bans sharply reduce job separations and retirements at age 65 and above, with substantial heterogeneity across industries and firms. Around 40% of these adjustments occur between announcement and implementation. Employment and earnings are unchanged below age 65 but rise substantially thereafter, with these welfare gains for older workers mediated by spillovers on savings, workplace injuries, and spousal retirement. Highly exposed firms hire fewer middle-aged workers, reducing payroll and boost-ing profits. Government revenue also rises, indicating that protecting older workers enhances overall social welfare.

09:15 - 10:35 Session 2: Micro (B-103)

Bargaining: A Unified Approach

Simon Loertscher (University of Melbourne), *Leslie M. Marx (Duke University)*

Bargaining is central to economics, yet subject to rich, often contradictory assump-tions and results. Efficiency is axiomatically imposed by some authors and shown to be impossible by others, the latter possibly finding support in empirical evidence that bargaining breakdown is a salient feature of reality. Similarly, the distribution of prop-erty rights or bargaining weights as irrelevant for efficiency by some and conjectured to be key by others. We provide a bargaining framework with independent private values that captures all of the above systematically. Bargaining is modeled as an incentive compatible mechanism that maximizes the weighted sum of the agents' expected sur-pluses subject to interim individual rationality and no-deficit constraints. We show that finding property rights that induce ex post efficient bargaining is more difficult than finding bargaining weights that achieve this and less important insofar as prop-erty rights are relevant for a subset of the environments for which bargaining weights are. With two agents, these results hold for both constant and decreasing marginal values.

Fighting End-Year Wasteful Spending thourgh Intraorganizational Transfers

Fidel Petros (Wissenschaftszentrum Berlin für Sozialforschung gGmbh)

This project introduces inter-unit transfers as a novel institutional response to the problem of expiring budgets. When budget holders cannot carry over unused resources, they often spend them on low-value projects. Transfers provide an alternative: units may voluntarily give unspent funds to others with profitable investment opportunities. I develop a theoretical framework where two units face stochastic investment opportunities in high- and low-return projects. The model highlights two mechanisms that could sustain transfers: reciprocity supported by repeated interaction, and efficiency-minded preferences. To test these mechanisms, I conduct a laboratory experiment with many treatments in order to isolate the role of reciprocity from efficiency concerns and to study whether symmetry in opportunities is necessary for transfers to take place. Pilot results indicate that transfers significantly reduce wasteful spending and increase the number of high-return projects implemented. Strikingly, transfers also appear under asymmetric conditions, even though theory suggests they should be fragile in such environments. By contrast, transfers collapse under Stranger matching, showing that repetition rather than symmetry is key to sustaining cooperation. Full results from the completed study will be available by the SEA Conference.

Common Ownership and Intertemporal Price Discrimination

Patrick Arnold (University of Basel), *Marc Möller (University of Bern), Makoto Watanabe (University of Kyoto)*

This paper considers the effects of common ownership on markets featuring intertemporal price discrimination (e.g. airline industry). We argue that allocation-effects—the effect of common ownership on the intertemporal allocation of sales—are key to understand whether common ownership is anti-competitive and whether price-dispersion can serve as a measure of competitive conduct. Our theory identifies advance purchase markets as a setting where common ownership can have positive effects on both welfare and consumer surplus.

09:15 - 10:35 Session 3: Finance I (B-102)

Giving up on the Home? How Downpayment Requirements Shape Consumption and Saving

*Yann Cerasi (University of Zurich), **Gazi Kabas (Tilburg University)**, Steven Ongena (University of Zurich), Kasper Roszbach (Norges Bank)*

We study how households adjust their consumption in response to the introduction of a macroprudential borrowing restriction. By leveraging unique expenditure data from card and electronic payments and a loan-to-value ratio restriction in Norway, we find that households' consumption reactions highly depend on their status in the housing market. Renter households, many of whom are expected future homebuyers, raise their consumption by increasing their uncollateralized credit and scaling down their financial assets, driven by a delayed or discouraged home purchase. Households that purchase a home under the borrowing constraint reduce their consumption before the purchase to accumulate savings for a larger down payment. Following their home purchase, these households do not revert to pre-constraint consumption levels but instead continue to save. Our findings suggest that imposing down payment requirements can lead to an unanticipated effect on household consumption.

An Anatomy of Retail Option Trading

***Vincent Bogousslavsky (Boston College)**, Dmitriy Muravyev (University of Illinois Urbana-Champaign)*

The recent surge in retail option trading has sparked concerns about trading motives and large losses. We offer the first trader-level analysis of modern retail option trading by introducing a novel data set of $15 billion in retail stock and option trades. In our data, option trades constitute over one-third of all trades, concentrate in few underlyings, especially the S&P 500 index, and are dominated by short-term purchases with almost no covered calls or protective puts. Option trades incur modest losses compared to wide bid-ask spreads. Retail investors use options to participate in high-priced underlyings, with little leverage or skewness-seeking in realized trade returns. Our retail investors are relatively sophisticated on average but exhibit remarkable heterogeneity, with the main findings holding across investor styles.

Jump Risk Premia in the Currency Market: Evidence from Quanto Forwards

*Xiang Fang (The University of Hong Kong), **Thomas A. Maurer (The University of Hong Kong)**, Haoran Wang (The University of Hong Kong)*

We propose a novel model-free ex ante measure of risk premia that compensate investors for common jump risks in equity prices and exchange rates. Using quanto forward prices, we construct a self-financing portfolio exclusively exposed to cojumps between equity prices and exchange rates, while insulating it from diffusive risks and idiosyncratic jumps in either the equity price or exchange rate. The average return of this portfolio, excluding infrequent realized jumps, directly captures the cojump risk premium (CJP). Empirically, we find that CJPs exhibit moderate cross-sectional variation and significant common time-series dynamics. The gap between CJPs of high and low interest rate currencies indicates that cojump risk premia account for about a quarter of total currency risk premia. Furthermore, we introduce a reverse cojump risk premium (reverse CJP), constructed using quanto forwards on foreign equity market indices denominated in USD, which sheds light on the relative importance of country-specific jump risks.

11:05 - 12:25 Session 4: STEM and Innovation (B-104)

What Makes a Role Model? Exposure to Female STEM Professionals and Students' Trajectories in College

Justus Bamert (Princeton University)

I study role-model effects at scale by analyzing how STEM promotion events, featuring talks by over 1,500 female and male STEM professionals, affect high school students' trajectories in college. I find that event exposure increases students' STEM enrollment and STEM degree completion in college. Events with a larger share of female speakers have a stronger impact on both female and male students. This effect is driven not by a same-gender role-model mechanism, but by gender differences in presentation style: female speakers are more likely to use interactive formats, to which students respond positively. The results suggest that selecting engaging speakers – who in this setting are more likely to be female – can boost students' STEM participation.

How Effective is Online Education for Top Students? Evidence from a Global RCT

Ruchir Agarwal (Columbia University), ***Patrick Gaule (University of Bristol)***

We evaluate the effectiveness of online education for mathematically gifted students using a randomized controlled trial with 620 participants. Students were nominated by national Olympiad organization in 44 countries, representing the upper tail of global ability. Participants were assigned either free access to an 18-week combinatorics course valued at $600 from Art of Problem Solving---a leading platform that trains members of the U.S. International Math Olympiad team--- or to independent study using an equivalent e-book. Being assigned to the course increased final-exam performance by 0.15–0.19 SD (ITT). Using random assignment as an instrument for engagement, we estimate that each month of participation increased scores by 0.20–0.26 SD among compliers—implying large gains of 0.9--1.2 SD for those completing the course. However, persistence emerged as a key constraint: about two-thirds of assigned students engaged minimally, and observable characteristics poorly predicted engagement (R2 around 0.10). These results suggest that online education offers a cost-effective way to reach gifted students globally, but scaling it up will require addressing the challenge of persistence.

The Decline in the Transmission of Scientific Ideas

Enrico Berkes (University of Maryland Baltimore County)*, Ruben Gaetani (University of Toronto)*

For the social value of science to be fully realized, ideas must diffuse and be applied beyond the narrow boundaries of their original field. Yet, little is known about what determines the breadth of adoption and how it has changed over time. In this paper, we provide the first comprehensive empirical evidence that the diffusion of new scientific ideas has narrowed significantly over the past four decades. We show that increasing specialization in scientific language has played a key role in this trend, with research using more technical terminology diffusing less widely. To interpret these findings, we propose a simple theory in which the accessibility of ideas evolves endogenously with the innovation landscape. As advancing the knowledge frontier requires increasingly complex research, scientists tend to favor specialized language, limiting diffusion. Policy interventions that realign incentives can broaden diffusion and increase the social value of scientific research.

11:05 - 12:25 Session 5: Macro I (B-103)

Discretionary Spending is the Cycle, and Why it Matters for Monetary Policy

Michele Andreolli (Boston College)*, Natalie Rickard (London Business School), Paolo Surico (London Business School), Chiara Vergeat (London Business School)*

This paper develops a novel framework for business-cycle analysis in the Euro-area based on the distinction between necessity and discretionary spending as well as their associated industries. We apply our approach to quantify the heterogeneous effects of monetary policy, uncovering significant new regularities. Consumer spending, employment, corporate profits, stock returns and dividend payments exhibit greater cyclicality and greater sensitivity to monetary policy in discretionary industries, while prices respond more in sectors producing necessities. Wages, however, display limited sectoral asymmetry. Discretionary industries are characterized by a substantially higher concentration of hand-to-mouth workers, particularly among lower earners. Only consumer prices in necessity sectors are a significant leading indicator for GDP, whereas only employment rates in discretionary industries help predict HICP inflation. We show that a calibrated theoretical model with spending heterogeneity and labour market heterogeneity is consistent with these findings. We use the model to revisit the design of optimal monetary policy. We find that the European Central Bank can improve welfare by responding mostly to inflation in discretionary spending; doing so mitigates the adverse effects of recessions on hand-to-mouth workers and thus stabilizes aggregate demand and headline inflation more effectively.

Time Use and Consumption Expenditures

Stefano Gnocchi (Bank of Canada), ***Daniela Hauser (Bank of Canada)****, Laure Simon (Bank of Canada)*

This paper examines the relationship between time use and consumption expenditures, of-fering a new perspective on compositional shifts in spending over the business cycle. Com-bining data from the American Time Use Survey and Personal Consumption Expenditures, we construct a set of consumption activities and establish new stylized facts. We find that the cyclicality of expenditures on a given activity increases with the cyclicality of its time content – measured by how foregone market hours in a recession are reallocated to it – and decreases with its expenditure intensity – measured by the ratio of average weekly real spending to weekly hours. We develop a two-sector New Keynesian model that is consistent with these opposing forces, and we use it to illustrate the role of substitution between time and expenditures in shaping their cyclical dynamics. We then discuss the implications for the conduct of monetary policy and the optimal design of price indices.

How to Finance the Green Transition? The Political Economy of Green Investment Tax Credits

Michael Barczay (International Monetary Fund)*, Russell Cooper (European University Institute)*

We study the aggregate and distributional consequences of green investment tax credits (ITCs). We develop an overlapping generations model with heterogeneous households, multiple sectors, and a government that introduce a a green ITC to reduce pollution. Our model highlights both an intratemporal (across the income distribution) and an intertemporal (across generations) disagreement about the desirability of green ITCs arising from the unequal distribution of the costs and benefits. Together, they can lead to voting outcomes in which the ITC would never be adopted, even though it would be welfare improving for a majority of the population in the long run. We show that allowing for some debt financing of the ITC can overcome this political gridlock. Moreover, this debt can be fully repaid in the long run while maintaining high approval rates for the ITC. Changes in asset market participation rates and factor prices induced by the ITC explain why fully tax-financed ITCs are approved only in the long run, but not at the time of introduction of the ITC.

11:05 - 12:25 Session 6: Finance II (B-102)

Monetary Policy and the Cost of Financial Intermediation

Michael Kogler (German Council of Economic Experts)*, Claudia Schaffranka (German Council of Economic Experts), Christian Schwarze (University of Bonn)*

How much households, firms, and other customers annually pay to the financial sector for a variety of intermediation services is comprehensively measured by the unit cost of financial intermediation, essentially equal to an average of all spreads and fees. During the last two decades, this unit cost has considerably declined in many advanced economies, which coincides with an extraordinarily long phase of monetary expansion. The present paper thus empirically and theoretically analyzes how monetary policy influences the unit cost of financial intermediation. We provide cross-country evidence for 20 OECD economies (1995-2023), documenting a positive and significant effect of short-term rates on the unit cost, which is stronger at a low interest rate level. In a theoretical model with imperfect bank competition, we show that monetary expansion narrows loan and deposit spreads if banks enjoy some price-setting power, which largely drives the decrease in the unit cost.

Bank Consolidation and Bank Credit Risk

José E. Gutiérrez (Banco de España), ***Alexandra Matyunina (Banco de España)***

We examine how mergers shape bank risk-taking and profitability using granular loan-level data. Focusing on two large mergers in Spain in 2021, we document that the pricing of corporate loans exhibits a U-shaped response across local credit markets, depending on the extent to which concentration was affected. In markets where the mergers led to a substantial increase in the consolidated banks' market share, rival institutions intensified competition by lowering interest rates more aggressively than the merged entities, increasing credit supply, and charging lower risk premia.

Causes and Effects of the Shift to Spray and Pray in Venture Capital

Lukas Altermatt (University of Essex)*, Luiz Bissoto (EPFL), Francesco Celentano (University of Lausanne), Francesco Sannino (Frankfurt School of Finance and Management)*

Over the last two decades, venture capital (VC) funds have moved from a more targeted approach when investing in startups to a so-called ”Spray and Pray” approach. This strategy consists of providing little funding and governance in the early stages to a large number of startups, most of which are abandoned after the initial investment. In this paper, we develop a structural model to empirically test various underlying causes for this strategy shift; in particular, we seek to determine whether reductions in the initial funding cost for new ventures caused by techno-logical shocks are a sufficient explanation. Our framework also allows us study the effects of the strategy shift on aggregate investment performance, startup creation and success in general equilibrium. We aim to understand whether the shift to spray and pray leads to better discovery of the most promising ventures as more startups receive funding initially, or whether more complex innovation is necessarily less likely to succeed when VCs forego monitoring and larger investment amounts at initial funding stages. We also test empirically whether the shift in strategy leads to more concentration in the VC industry, or whether it incentivizes the entry of smaller and specialist investors to fund complex innovation.

14:00 - 15:20 Session 7: Environment / Sustainability (B-104)

Extreme Weather Events and the Support for Democracy

Nicolas Cerkez (University of Oxford)

Climate change and the erosion of democratic norms are two of the most pressing global challenges. This paper establishes a link between individuals' support for democracy and extreme weather events, such as droughts, in the context of sub-Saharan Africa—a region highly vulnerable to climate change and where democratic norms are fragile. I analyze this relationship using Afrobarometer data on support for democracy from 2002 to 2015, covering 129,002 individuals across 16 countries, combined with granular weather data from 1960 to 2015 at a 27km × 27km grid cell resolution. I find that exposure to drought reduces support for democracy by 2.56%, but that this effect is limited to individuals living in established democracies. I further explore how this weakening of democratic norms is linked to exposure to non-democratic governance systems, proxied by proximity to development projects funded by autocratic regimes. I find that the effect of droughts on support for democracy is significant only for individuals exposed to autocratic systems. Finally, I provide suggestive evidence that this reduction in support for democracy is associated with lower political engagement, as measured by participation in demonstrations. These findings highlight the political costs of climate change in developing countries.

Forest Conservation Policy, Additionality, and Socio-environmental Implications

Sarah Meier (University of Exeter)*, Ben Balmford (University of Exeter), Ville Inkinen (Aarhus University)*

The world has lost one-third of its forest cover due to agricultural expansion. Trop-ical forests provide immense ecological and climate benefits but face the most rapid declines. Bolivia epitomises this crisis, currently experiencing the highest deforestation rates in South America. This study evaluates the impact of Bolivia's Protected Areas (PAs) established between 1991 and 2023 on a range of economic and environmental outcomes. We employ a novel staggered differences-in-differences (DID) design, match-ing units based on predicted deforestation risk in the absence of protection using a Random Survival Forest model. This design allows us to explore the determinants of location bias in PA siting, namely, why protection is typically enacted in areas under the lowest threat of conversion. Our staggered DID estimates indicate that, on aver-age, PAs reduce deforestation rates by approximately 0.21 percentage points (pp), a substantial effect given background annual deforestation rates of 0.28pp. PAs in the highest risk quintile — where the potential for additionality is greatest due to intense land conversion pressure — reduce deforestation rates most substantially, by 0.55pp. Finally, we find no evidence of trade-offs between PA designation and economic out-comes, extinction risk, or carbon storage along the continuum of baseline deforestation risk. Thus, the observed location bias of PAs in Bolivia cannot be attributed to multi-objective planning. These findings underscore the importance of prioritising PAs in high-risk areas to maximise additionality.

Are "Laws Without Enforcement Just Good Advice"?: Evidence from the Swiss Corporate Sustainability Reporting Mandate on Human Rights Reporting

Fritz Brugger (ETH Zurich), ***Kathrin Durizzo (Harvard University)****, David Etienne (ETH Zurich), Isabel Günther (ETH Zurich), Nathanael Schmidt-Ott (ETH Zurich), Sarah Vogelsanger (ETH Zurich)*

In recent years, companies have faced increasing public pressure to improve their operations and transparency regarding their environmental impact and respect for human rights. A notable example of this trend is the Swiss reg-ulation that came into effect in 2023. This legislation requires companies of public interest that, in two consecutive years, have more than 500 employ-ees and revenues or assets exceeding CHF 40 million and CHF 20 million to report on the risks and their actions to respect human rights and limit environmental damage along their value chain. However, the regulation lacks a formal enforcement mechanism and specific requirements regarding the re-porting format. This raises the question of whether firms will respond to such 'soft law' interventions. We examine the effect of the policy on both the extensive margin (i.e., whether firms comply with the mandate) and the intensive margin (i.e., whether the policy affects the quality of human rights reporting). To this end, we compile a unique dataset combining company characteristics with annual financial and non-financial reports from 2020 to 2025. To assess reporting quality, we develop a scalable and robust report rating agent based on recent advances in natural language processing and aligned with the United Nations Guiding Principles Reporting Framework. We observe an upward trend in both reporting likelihood about human rights and quality over time. However, we find no evidence that the policy im-pacted either the extensive or intensive margins of targeted companies under the law. We attribute this null association to the absence of penalties for non-compliance with the policy. Our findings shed light on whether trans-parency regulations without enforcement can meaningfully influence corporate behaviour and demonstrate how state-of-the-art NLP methods can be employed to extract specific information from large unstructured PDF text corpora.

14:00 - 15:20 Session 8: Macro II (B-103)

Attention to the Macroeconomy

Sebastian Link (ifo Institute), Andreas Peichl (LMU Munich), ***Oliver Pfäuti (University of Texas at Austin)****, Christopher Roth (University of Cologne), Johannes Wohlfart (University of Cologne)*

We collect novel measures of households' and firms' attention to the economy using open-ended survey questions, fielded during a large shock to inflation, and test the predictions of theories of rational, goal-optimal attention allocation. We find support for several predictions of such theories: attention to the macroeconomy exhibits large and persistent cross-sectional heterogeneity, which is related to agents' degree of exposure to the economy and measures of information costs; attention to the macroeconomy responds strongly to shocks; more attentive respondents adjust their inflation expectations more frequently during the shock, are more confident in their beliefs, and hold smaller misperceptions about realized inflation. However, at odds with goal-optimality of attention, more attentive agents' expectations about future inflation deviate more strongly from expert benchmarks. To explain these patterns, we present a model of selective memory, in which attention can be "non-goal-optimal". In this model, prior experiences shape both attention allocation and belief formation, and attention to other variables can spill over to inflation expectations. We confirm these additional predictions in our data.

Wealth Sorting and Cyclical Employment Risk

Amalia Repele (Stockholm University)

I present empirical evidence that U.S. workers with low liquid wealth face significantly higher cyclical employment risk. This finding cannot be fully explained by skills, socio-demographics, or past income. I propose a framework that generates a negative correlation between wealth and employment risk in equilibrium, through job sorting based on wealth. Job search provides an insurance mechanism for liquidity constrained and risk-averse unemployed workers. Asset-poor unemployed sort into relatively lower wage and lower security jobs, because these jobs o.er a relatively higher job finding probability. I build a quantitative model to study the implications of wealth sorting for wages and job transitions over the business cycle, as well as its consequence for long-term inequalities. The interaction between employment risk and wealth accumulation generates a "poverty trap" which is amplified in bad times. The cost of entering unemployment during a recession amounts to 3% of lifetime consumption for the poorest, more than twice that of the wealthiest.

14:00 - 15:20 Session 9: Finance III (B-102)

Security Lending Facilities: from Last to First Resort. Evidence from Sweden

*Marianna Blix Grimaldi (Sveriges Riksbank), **Fabienne Schneider (Bank of Canada)**, David Vestin (Sveriges Riksbank)*

This paper analyzes the complex interaction between quantitative easing (QE) and the securities lending facility (SLF) using a uniquely detailed dataset covering Riksbank QE purchases, Swedish DMO SLF transactions and OTC repo deals. We find that the relationship between QE and SLF is more complex than previously understood, with significant implications for market functioning and the transmission of monetary policy. Our results show that QE expansion is closely linked to increased SLF use, with narrowing spreads between SLF yields and repo rates making the SLF yield a floor for secured lending and weakening ties to policy benchmarks. We also provide new evidence on primary dealer behavior and the effects of QE announce-ments on SLF dynamics. A theoretical model shows how asset scarcity and search frictions drive greater SLF reliance, potentially altering monetary policy transmission. The QE-SLF interplay may unintentionally enhance dealer bargaining power, shifting the SLF from a backstop to a first-resort tool and raising concerns about liquidity, moral hazard, and policy effectiveness.

When Interest Rates Go Crazy: A Precise Methodology of Stress Testing for Bond Portfolios

*Alexandra Matyunina (Banco de España), **Andrey Pankratov (Laval University)**, Federico Severino (Laval University)*

Large interest rate changes pose solvency and liquidity risk to financial institutions, as illustrated by the recent failure of the Silicon Valley Bank linked to losses on long-term Treasuries. Conventional stress-testing methodologies for bonds typically rely on linear or quadratic bond price approximations, which deteriorate markedly under large rate movements. This paper introduces a simple yet accurate approach to bond valuation. In order to approximate a bond price under stress conditions, we construct a fictitious two-cash-flow bond that matches the duration and convexity of the original bond. Unlike the traditional methods (linear and quadratic), we approximate “apples with apples”, which results in a good fit under extreme scenarios. Beyond that, our approach delivers two benefits: (i) it generates tight upper and lower bounds for the bond price, and (ii) it enhances the estimation of portfolio losses under changes in the yield curve slope. Empirical tests on randomly drawn bonds and portfolios demonstrate the superiority of our methodology relative to existing approximations.

Makers and Takers: The Economics of the Kalshi Prediction Market

***Constantin Bürgi (University College Dublin)**, Wanying Deng (University College Dublin), Karl Whelan (University College Dublin)*

Since 2021, Kalshi has operated as the only federally licensed prediction market in the United States. Using transaction-level data on over 300,000 contracts, we provide the first systematic evidence on its pricing. Kalshi’s contract prices are informative and improve in accuracy as markets approach closing, but they display a clear favorite–longshot bias: low-price contracts win far less often than required to break even, while high-price contracts win more often and yield small positive returns. We interpret these patterns with a simple framework that reflects Kalshi’s quote-driven microstructure. Makers—relatively well-informed traders who post offers—seek positive expected returns but may be slightly over-optimistic, while Takers accept these offers. The model predicts distinct patterns of favorite–longshot bias for Makers and Takers, and the data confirm these predictions.

15:40 - 17:00 Session 10: Transportation / History (B-104)

Doux Commerce: Markets, Culture, and Cooperation in 1850-1920 U.S.

Max Posch (University of Exeter)*, Itzchak Tzachi Raz (The Hebrew University of Jerusalem)*

We study how rising market integration shaped cooperative culture and behavior in the 1850–1920 United States. Leveraging plausibly exogenous changes in county-level market access driven by rail-road expansion and population growth, we show that increased market access fostered universalism, tolerance, and generalized trust—traits supporting cooperation with strangers—and shifted cooperation away from kin-based ties toward more generalized forms. Individual-level analyses of migrants reveal rapid cultural adaptation after moving to more market-integrated places, especially among those exposed to commerce. These effects are unlikely to be explained by changes in population diversity, economic development, access to information, or legal institutions.

The Fastest Route to Specialization? Evidence from the Expansion of the Italian Highway System

Sara Bagagli (London School of Economics)*, Michele Zampa (Geneva Graduate Insitute)*

This paper studies how large-scale transport infrastructure alters the sectoral composition and spatial integration of local economies. We exploit the staggered expansion of Italy's highway network between 1955 and 1975 as a quasi-natural experiment, combined with industrial census data spanning 1951–2001. Using a staggered difference-in-differences design, we find that municipalities connected to the highway system experienced a persistent decline in industrial specialization. This shift reflects a more even dis-tribution of employment across pre-existing sectors, rather than the entry of new industries. To analyze both direct and network-mediated effects, we reconstruct the full Italian road network (1951–1981) from historical maps using a custom algorithm—producing a novel dataset of unprecedented temporal and spa-tial coverage. Leveraging this network, we identify evolving local labor market communities and show that highway access anchored municipalities more firmly within them, reducing the likelihood of switch-ing—particularly toward more specialized communities. When switches did occur, municipalities tended to adapt their industrial structure to match their new community: joining a specialized cluster increased specialization, while joining a diversified one reduced it. Our findings reveal how infrastructure-induced market integration reshapes both the internal structure and external linkages of local economies.

Frictions in Structural Change: Evidence from the Dust Bowl

Luca Looser (Universitat Pompeu Fabra)

This paper examines how micro-level frictions shape structural transformation in the United States during the twentieth century. Using the Dust Bowl (1931-1940) as a natural experiment, I study how a large negative productivity shock affected migration, education, and occupational choices across generations. Preliminary evidence suggests that children responded more strongly than adults, pointing to barriers that constrained older cohorts. To investigate the origins of such frictions, I combine linked census data with variation in access to destinations through family networks and in occupational entry opportunities within families. These patterns indicate that both migration and occupational barriers slowed the reallocation of labor out of agriculture. I develop a spatial overlapping-generations model with migration, education, and sectoral choice to interpret the evidence and to quantify the role of frictions in shaping the pace of structural transformation in the presence of shocks.

15:40 - 17:00 Session 11: International Economics / Finance IV (B-103)

Treasury Auctions and Long-Term Bond Yields

Fabricius Somogyi (Northeastern University), *Jonathan Wallen (Harvard Business School), Lingdi Xu (Harvard University)*

From 1994 to 2021, the supply of long-term sovereign debt has increased seven-fold from 2.8 trillion to 18.7 trillion dollars across G10 currency countries. Despite this overall increase in supply, we find that long-term bond yields have declined over a narrow 3-day window around US Treasury auctions. This decline has been strongly integrated across countries and is cumulatively large, 537 basis points for US yields and 490 basis points for G10 yields. These global declines in long-term yields are unique to US Treasury auctions and do not occur over foreign sovereign debt auctions, even those with comparable size. We show evidence that these declines can be explained by positive surprises to demand over US Treasury auctions.

FX Market Depth and Exchange Rate Volatility

Oliver Vogt (University of British Columbia)

Using security-level holdings of globally diversified mutual funds, this paper applies a granular instrumental variable approach to identify currency demand shocks at the bi-lateral exchange rate level. These shocks cause significant exchange rate movements in both emerging market (EM) and advanced economy (AE) currencies, consistent with the view that FX markets are inelastic—or “shallow.” The estimates show that for flows of the same size, EM currencies respond about nine times more than AE currencies, underscoring their much lower market depth. The results further reveal state dependence along two dimensions. First, during periods of high expected exchange rate volatility, FX markets are highly inelastic, whereas in tranquil periods they are nearly perfectly elastic. Second, in episodes of mutual fund outflows, FX markets are shallower than during inflows. The first property holds for both EM and AE currencies, while the second is specific to EMs.

Uncovered Interest Parity in High Frequency

Ingomar Krohn (Bank of Canada), ***Philippe Mueller (Warwick Business School)****, Paul Whelan (The Chinese University of Hong Kong)*

We examine violations of uncovered interest parity (UIP) in high frequency, accounting for the discrete nature of interest rate payments in foreign exchange markets. Exploiting both regression-and portfolio-based tests, we do not reject UIP during overnight trading but strongly do so during the U.S. intraday period. Furthermore, we document a strong divergence in excess returns for currency trading strategies exploiting UIP violations on announcement versus non-announcement days. The cross-sectional carry strategy earns the bulk of its excess returns on macro and FOMC days, whereas the dollar carry strategy generates positive returns on non-announcement days and depreciates on announcement days.

15:40 - 17:00 Session 12: Finance V (B-102)

Transparency and Real Effects of Climate Stress Tests for Banks

Jannis Bischof (University of Mannheim), Vincent Giese (University of Mannheim), ***Luzi Hail (University of Pennsylvania)****, Gerrit von Zedlitz (University of Mannheim)*
We examine whether microprudential climate stress tests affect banks' reporting choice, loan portfolios, and environmental performance. With heightened awareness and better data, we expect incentivized banks to expand transparency, adjust lending standards, and reduce their loan exposure to climate risks. Focusing on the 230 largest European banks from 2017 to 2022, we find that participants in supervisory climate stress tests significantly increase their transparency, mainly if they have previously shown commitment to climate issues, face outside ESG pressure, or are more exposed to climate risks. Corporate borrowers of such committed banks reduce their total and long-term loan financing and, in turn, display lower (fixed) assets and sales growth, but only if they are subject to high climate transition risks. In terms of aggregate loan portfolios, we find a shift from long-term to short-term maturities for committed banks but the opposite for the remaining stress-tested banks. The former also increase their climate performance along various dimensions. Our results suggest that, while on average we find no effects, supervisory stress tests can act as change agents and elicit feedback effects for banks facing strong climate-related incentives, impose funding and investment constraints on high-risk borrowers, but also trigger (unintended) substitution to less committed and less tightly regulated banks.

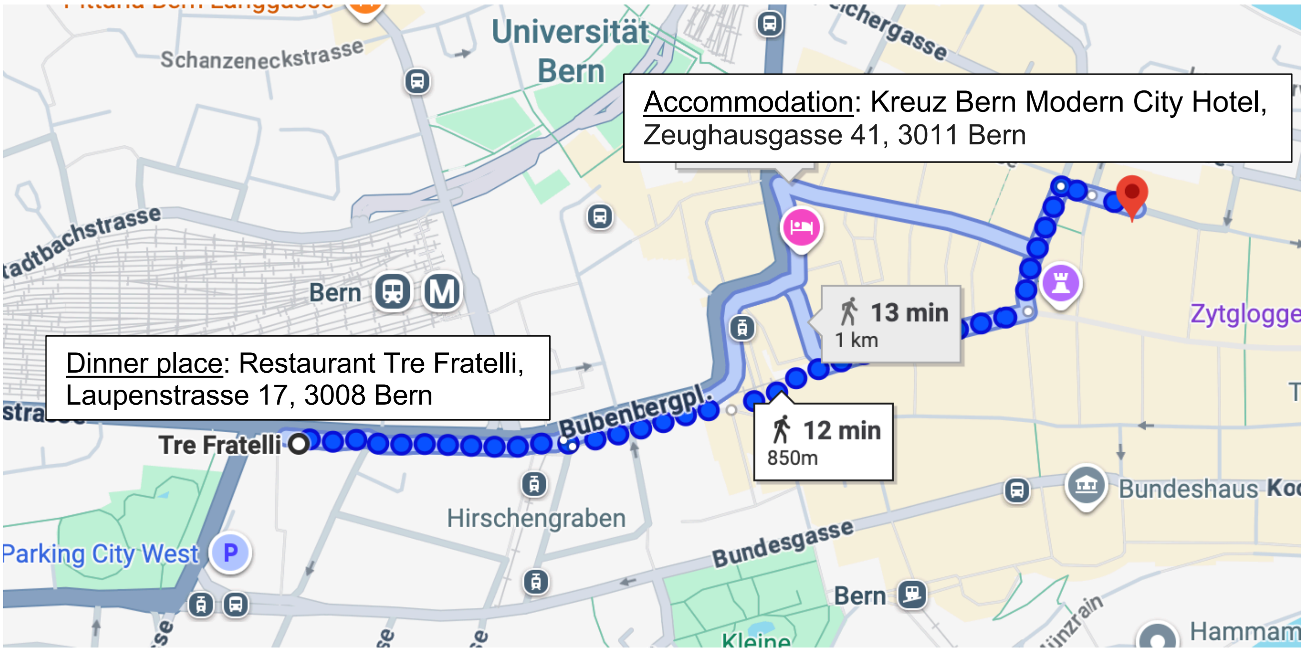
Green Bonds: Commitment to Sustainability under Asymmetric Information

Benjamin Schneider (HEC Montréal)
This paper studies whether green bonds mitigate information asymmetries about issuers' exposure to climate risks through a signaling mechanism. Green bonds are debt instruments in which issuers commit to investing proceeds in sustainable projects. Using a novel identification strategy that controls for standard effects of debt announcements, this paper shows that green bond announcements result higher equity valuations and lower yields on extant bonds, particularly at longer maturities. Issuers also become less sensitive to climate change concerns. The results suggest that markets view green bonds as credible signals of commitment and reduced climate risk exposure.

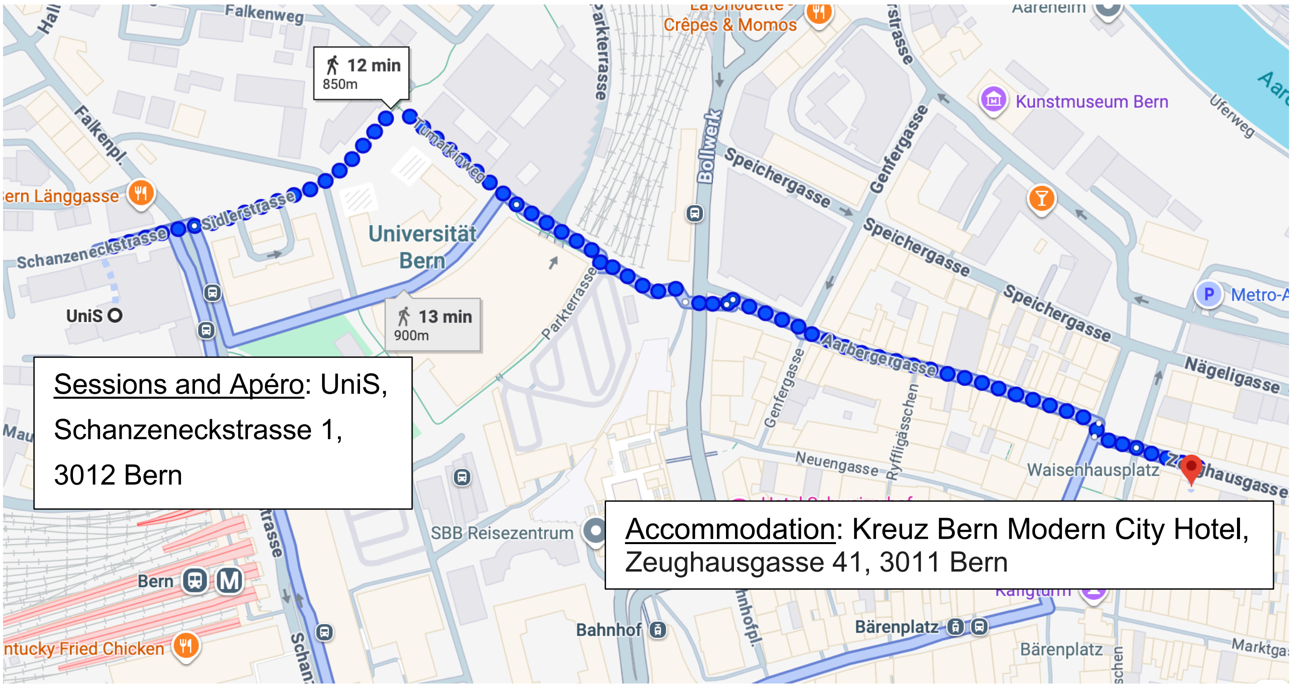
Controlled Firms, Preferences, and Carbon Emissions

Alexander Dyck (University of Toronto), Karl V. Lins (University of Utah), ***Lukas Roth (University of Alberta)****, Mitch Towner (Arizona State University), Hannes F. Wagner (Bocconi University)*
Controlled firms comprise a large percentage of the world's publicly traded firms. Insulated from outside investor pressure, they can be cleaner than widely held firms if their owners have pro-environmental preferences. We test whether they are cleaner by comparing carbon emissions performance across 3,769 firms from 35 countries. For the owners of family-controlled firms, we construct a novel measure of clean preferences by using large language models with retrieval-augmented generation. Insiders' clean preferences matter for emissions performance but appear to be insufficient to address environmental externalities. We find that controlled firms are, in general, dirtier than widely held firms, particularly in industries and countries where the marginal costs of reducing emissions is expected to be high. Controlled firms with low preferences for clean emit about 20% more carbon than widely held firms while the emissions of firms with high preferences for clean are not different from those of widely held firms.

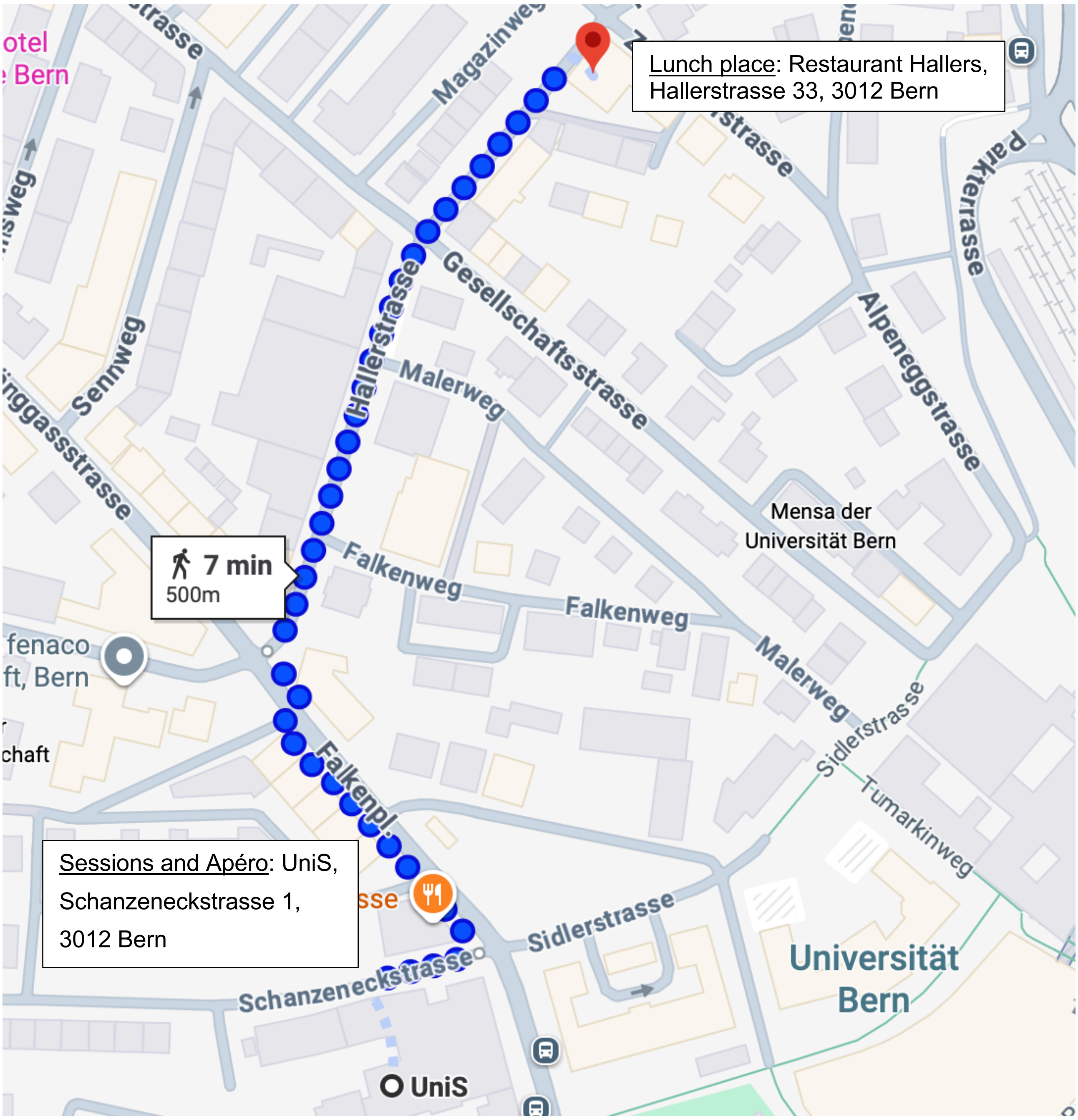
Hotel – Dinner



Hotel – University



University – Lunch



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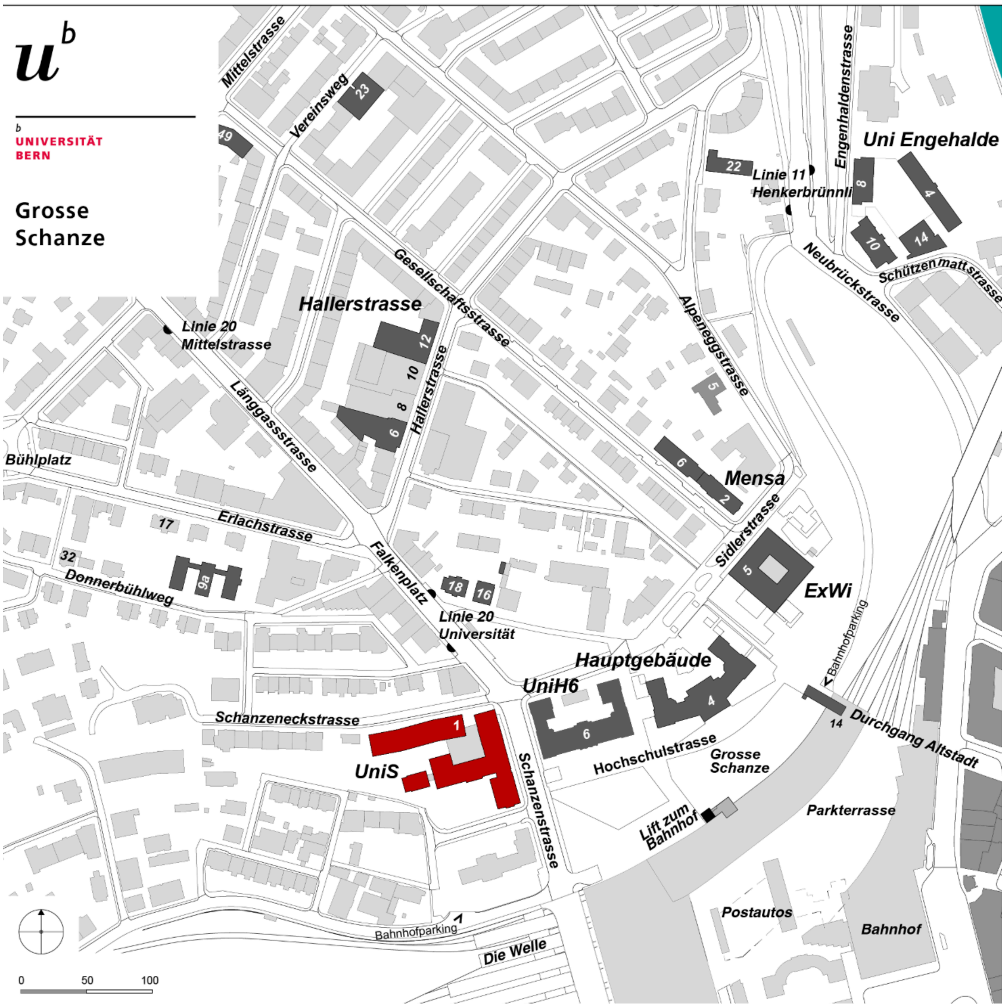

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Schanzeneckstrasse
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