1st Piraeus International Economic Conference

28-30 June 2026

Spetses, Greece

Book of Abstracts

UNIVERSITY OF PIRAEUS
DEPARTMENT OF ECONOMICS

TEDAM
Territorial Data Analysis and Modelling

European Commission

Book of Abstracts
1st Piraeus International Economic Conference
Spetses, Greece, 28-30 June 2026

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Vlahu Razvan, De Nederlandsche Bank
Yannelis Constantine, University of Cambridge, UK

Keynote Speakers

Carlo Altavilla, European Central Bank
Loukas Karabarbounis, University of Minnesota
Marianna Kudlyak, Federal Reserve Bank of San Francisco
Sushanta Kumar Mallick, Queen Mary, University of London
Giovanni Peri, University of California – Davis
Davide Furceri, International Monetary Fund

Venue: The Anargyrios and Korgialenios School of Spetses (A.K.S.S.) https://akss.gr/main/en/

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Table of Contents

Preface

This volume records the scientific programme of the **1st Piraeus International Economic Conference (PIEC 2026)**, held in Spetses, Greece, from 28 to 30 June 2026. It brings together the abstracts of the papers presented during the inaugural edition of the conference and provides a snapshot of current research across a broad range of fields in economics.

PIEC was established by the Department of Economics of the University of Piraeus to provide an international forum for the presentation of original research and the exchange of ideas among economists working in academia, central banks, international organizations and other policy institutions. From the outset, the conference aimed to bring together researchers from different institutions, countries and research traditions and to encourage rigorous scientific discussion.

The response to the first call for papers confirmed the interest in such an initiative. More than 330 submissions were received and, following the review process, approximately 150 papers were selected for presentation. The final program brought together researchers from universities, central banks, international organizations and policy institutions in many countries.. Alongside established scholars, the conference welcomed early-career researchers, creating an environment in which new ideas and different methodological approaches could be discussed on equal terms.

The contributions included in this volume cover virtually all major areas of economics. They range from macroeconomics, monetary economics, finance and international trade to labour economics, public finance, regional development, health economics, migration, education, innovation, environmental and climate economics, political economy and digital transformation. Together, they provide a clear picture of the topics and methods that characterize current research in economics.

One of the objectives of PIEC is to encourage discussion between academic researchers and economists working in policy institutions. The participation of economists from leading universities alongside colleagues from the European Central Bank, the Federal Reserve System, the International Monetary Fund and other institutions contributed to discussions that extended beyond the presentation of individual papers. Throughout the conference, participants discussed methodological issues, empirical findings and their implications for economic policy.

The conference was hosted at the Anargyrios and Korgialenios School of Spetses, a setting chosen not only for its historical significance but also for its ability to facilitate interaction among participants. Academic conferences derive much of their value from discussions that continue beyond the formal sessions, and the environment of Spetses provided an excellent setting for the exchange of ideas and the development of new professional relationships.

This Book of Abstracts is intended primarily as a permanent record of the inaugural Piraeus International Economic Conference. At the same time, it reflects the breadth of contemporary economic research and the questions that currently shape the discipline. We hope that it will provide readers with an informative overview of the work presented at PIEC 2026.

We also hope that this inaugural conference marks the beginning of a long-term international forum for the exchange of ideas and the presentation of high-quality research in economics.

The success of the inaugural conference was the result of the commitment and cooperation of many individuals. I would like to express my sincere appreciation to the members of the Scientific Committee and the Organizing Committee for their dedication throughout the preparation of the conference. I am equally grateful to the keynote speakers, session moderators, reviewers and, above all, to all authors whose participation made this first edition possible. Their contribution has established a strong foundation for the future development of the Piraeus International Economic Conference.

Professor Michael Chletsos
On Behalf of the Organizing Committee
Department of Economics
University of Piraeus

Conference Program Overview

Sat 27th June, 2026

18:30 – 19:30	Registration
19:30 – 19:45	**Opening Welcome**
19:45 – 21:30	**Welcome Reception (food and drink)**

	Sun 28th June, 2026	Mon 29th June, 2026	Tues 30th June, 2026
08:00 – 09:00	Registration		
09:00 – 10:40	Parallel sessions (A1, B1, C1, D1)	Parallel sessions (A4, B4, C4, D4)	Parallel sessions (A7, B7, C7, D7)
10:40 – 11:40	**Keynote speech 1 (Main Room)**	**Keynote speech 3 (Main Room)**	**Keynote speech 5 (Main Room)**
11:40 – 12:00	Coffee Break	Coffee Break	Coffee Break
12:00 – 13:40	Parallel sessions (A2, B2, C2, D2)	Parallel sessions (A5, B5, C5, D5)	Parallel Sessions (A8, B8, C8, D8)
13:40 – 14:40	Lunch	Lunch	Lunch
14:40 – 15:40	**Keynote speech 2 (Main Room)**	**Round Table (Main Room)**	**Keynote speech 6 (Main Room)**
15:40 – 16:00	Coffee Break	Coffee Break	Coffee Break
16:00 – 17:40	Parallel sessions (A3, B3, C3, D3)	Parallel sessions (A6, B6, C6, D6)	Parallel sessions (A9, B9, C9, D9)
17:40 – 18:40		**Keynote speech 4 (Main Room)**	17:40 - 18:00 Concluding Remarks
SOCIAL EVENT	**21:00 Greek Cultural Night**	**21:00 Farewell Dinner**	

Session Overview

Sunday 28th June, 2026

09:00 – 10:40: Parallel Sessions 1			
Room A	**Room B**	**Room C**	**Room D**
Session A1: Monetary Policy Transmission and Household Responses	Session B1: Climate, Migration and Environmental Resilience	Session C1: Work, Wages and Job Mobility	Session D1: Regional Networks, Spatial Economics and Vulnerability
Moderator: Nikos Mylonidis	Moderator: Dafni Grigoriadi	Moderator: Evgenia Dechter	Moderator: Giacomo Benati
Luigi Maria Briglia (University of Tuebingen) *The Role of Expenditure Risk in Household Wealth Dynamics* Evangelos Salachas (University of Macedonia) *Housing Supply Elasticity and the Transmission of Monetary Policy in the Euro Area* Valentin Burban (Banque de France / Aix-Marseille School of Economics) *Spillovers Channels of Global Monetary Policies* Nikos Mylonidis (University of Ioannina) *Inequality and financial crises: new evidence*	Matias Solorza (University of California, Davis) *Natural Disasters and Slow Recoveries: New Evidence from Chile* Mehmet Burak Akren (University of Duisburg-Essen) *Climate Stress and International Migration from MENA* Nikolaos Charalampidis (Laval University) *Green Tax Pass-Through to Retail Fuel Prices and Firm Heterogeneity: Evidence from France* Dafni Grigoriadi (University of Macedonia) *Exploring ESG motivations through the Firm's OFDI status*	Gonzalo Castex (The University of New South Wales) *Job Displacement and Transferability of Human Capital* Pablo Zarate (Princeton University) *Remote Work and Child Penalties* Stelios Roupakias (online) (Aristotle University of Thessaloniki) *Employment polarization in a frictional labour market* Evgenia Dechter (University of New South Wales) *Working From Home and Wage Dynamics*	Lydia Dimitrakopoulou (Vienna University of Economics and Business) *Strategic Entry and Policy in Isolated EV Charging Markets* Argyris Sakalis (Durham University Business School) *Do Remote Workers Deter Neighborhood Crime? Evidence from the Rise of Working from Home* Zachary Turk (University of Hamburg) *Regional Discounting* Giacomo Benati (University of Barcelona) *The network structure of the urban revolution*

12:00 – 13:40: Parallel Sessions 2			
Room A	**Room B**	**Room C**	**Room D**
Session A2: Policy Shocks, Public Finance and Macroeconomic Dynamics	Session B2: Migration, Inclusion and Political Attitudes	Session C2: Innovation, SMEs and Firm Performance	Session D2: International Trade, Macroeconomics and Global Fragmentation
Moderator: Georgios P. Kouretas	Moderator: Enrique Fatas	Moderator: Eirini Thomaidou	Moderator: Petros Milionis
Stelios Giannoulakis (Athens University of Economics and Business) *Effects of Fiscal Stimulus on Credit Constraints and the Role of Firm Dynamics* Katerina Nikalexi (London Business School) *Ports of Power* Joan Paredes (National Bank of Slovakia) *The slope of the euro area price Phillips curve: Evidence from regional data* Georgios P. Kouretas (Athens University of Economics and Business) *Geo-economic fragmentation and (de)globalisation: what role for global supply chains?*	Despina Gavresi (Alma Mater Studiorum University of Bologna & University of Macedonia) *The Legacy of Growing Up in a Recession on Attitudes Towards European Union* Grega Ferenc (Ifo Institute for Economic Research / TUD Dresden University of Technology) *Direct Experience, Temporary Fear: How Victimization Shapes Precautionary Behavior* Laurenz Guenther (Toulouse School of Economics) *Do Political Representation Gaps Cause Populism? Evidence from the 2025 German Election* Enrique Fatas (Universidad Europea de Valencia) *Conditional Cooperation in the Field: Preventing the Exclusion of Migrants with a Behavioral Intervention in Ecuador*	Daniel Ruiz Romera (University of Seville) *Bridging the Innovation Gap: A Systematic Review of Public Financing Effectiveness for SMEs (2020-2025)* Filippo di Pietro (EC Joint Research Centre) *The Impact of Innovative SME Certification on Financial Performance and Innovation: Evidence from Italy with Regional Perspectives* Pellas Anargyros Panormitis (University of Piraeus) *The effect of innovation on TFP and economic growth for the G7 countries* Eirini Thomaidou (University of Oxford) *Inexpensive Innovation and Export Margins*	Emile Marin (UC Davis) *Incomplete Markets and Exchange Rates* Imran Farooq (University of Antwerp) *Fiscal Response in the Presence of Aid Heterogeneity under Political Regime Change: New Evidence from Pakistan* Laurentiu Guinea (Universidad Complutense de Madrid / ICAE) *A Quantitative DSGE Model of a Tripolar World Under Fragmentation* Roberta Arbolino (University L'Orientale of Naples) *Trade Diversion: How US Tariffs reshape trade across European Regions* Petros Milionis (University of Groningen) *The Gradual and Heterogeneous Effects of European Trade Integration*

16:00 – 17:40: Parallel Sessions 3			
Room A	**Room B**	**Room C**	**Room D**
Session A3: Climate Policy and Macroeconomic Sustainability	Session B3: Aging, Demographics and Well-Being	Session C3: Inflation Forecasting and Uncertainty	Session D3: Public Investment, Cohesion Policy and Regional Development
Moderator: Anastasios Karantounias	Moderator: Adelina Gschwandtner	Moderator: Justine Guillochon	Moderator: Vassilis Monastiriotis
Nikos Mylonidis (University of Ioannina) *From Individual Cognitions to Entrepreneurial Ecosystem Outcomes: What Matters?* Ioannis KALIENTZIDIS (University of Strasbourg) *A New Keynesian Model to Assess the Role of Government Preferences over Climate Investments* Theodossios Drossidis (Central Bank of Mala) *Short-run spillover effects of climate shocks to small-open economies: An empirical investigation* Michael Gkouvakis (University of Piraeus) *Environmental and monetary policies on climate change and stranded assets in the Eurozone area* Anastasios Karantounias (University of Surrey) *Optimal climate policy in a global economy*	Jacopo Cimadomo (European Central Bank) *Aging and the Wealth of Labor* Konstantinos Kontos (University of Piraeus) *Unequally (un)healthy: Effects of health inequality on income distribution in high-income countries* Alessio Ferraro (University Roma Tre) *Climate Policy Shocks, Demographics, and Fiscal Sustainability in European Countries* Adelina Gschwandtner (University of Kent) *The Paradox of Human Aging: Insights from UK Districts*	Alexandros Karakitsios (Bank of Greece) *Short-term Inflation Projections: The new BoG'STIP model* Michele Modugno (Federal Reserve Board) *Global Drivers of Domestic Inflation* Philip Schnattinger (Bank of England) *The Drivers of Household Inflation Uncertainty* Justine Guillochon (Laval University) *Price and Composition of Consumption: The Shift towards Unprocessed Food during Recessions*	Filippo Di Pietro (EC Joint Research Centre) *Crowding-In or Crowding-Out? A Systematic Review of the Effects of EU Cohesion Policy on Public and Private Investment* Luca Bettarelli (University of Palermo) *Regional Uncertainty Spillovers through Global Value Chains* Tryfonas Christou (EC Joint Research Centre) *Public Investment in Artificial Intelligence and Its Macroeconomic Effects Across EU NUTS2 Regions* Vassilis Monastiriotis (LSE Hellenic Observatory) *Cohesion Policy effects on investment at the extensive and the intensive margin*

Monday 29th June, 2026

09:00 – 10:40: Parallel Sessions 4			
Room A	**Room B**	**Room C**	**Room D**
Session A4: Human Capital, Productivity and Workplace Behavior	Session B4: Financial Markets, Risk and Crypto Assets	Session C4: Fiscal Multipliers, Consolidation and Debt	Session D4: Gender, Work and Consumer Choices
Moderator: Nickolaos Tzeremes	Moderator: Jamel Saadaoui	Moderator: Plutarchos Sakellaris	Moderator: Sebastian Stępień
Eleftheria Stergiopoulou (University of Piraeus) *Burnout as a Productivity Wedge in Income Creation: When Human Capital Doesn't Pay Off.* Suleyman Faruk Gozen (University of Bristol) *Artificial Intelligence and Workplace Misconduct* Andrea Conte (EC Joint Research Center) *Structural Change, Territorial Reallocation, and Efficiency Gains: A Three-Level Labour Productivity Decomposition across EU Regions* Nickolaos Tzeremes (University of Thessaly) *Regional Production Frontiers and Human Capital Heterogeneity in Europe*	Emile Marin (University of California, Davis) *Looking for Risk: Asset Pricing Bounds and the Wealth Share* Sotiris Georganas (IOG & City St George's, University of London) *Investors vs gamblers: demographics and attitudes of cryptocurrency holders* George Filis (Panteion University) *Cryptokurtosis: Frequent trading fuels higher losses* Jamel Saadaoui (Paris 8 University) *Investment-at-Risk of Geopolitical Tensions*	Charalampos Arachovas (Athens University of Economics & INEMY of ESEE) *Financial Constraints and State-Dependent Regional Fiscal Multipliers: Evidence from Greece* Eirini Andriopoulou & Lefteris Tserkezis (Council of Economic Advisors, Ministry of National Economy and Finance) *Distributional aspects of fiscal consolidation: the case of Greece 2010-2018* Ilias Kostarakos (EC Joint Research Center) *Regional Public Investment Multipliers* Plutarchos Sakellaris (Athens University of Economics and Business) *Policy-supported Debt, Capital Structure, and Aggregate Productivity*	Raphael Gottweis (Vienna University of Economics and Business) *Gender in Emergency Medical Services* Robert Duval-Hernandez (Open University of Cyprus) *Do Workers Value Formal Jobs? A Discrete Choice Experiment in Mexico* Saloni Chopra (University of St Andrews) *Is Affirmative Action the Answer? Shrinking the STEM Gender Gap in higher Education* Sebastian Stępień (Poznań University of Economics and Business) *The position of young consumers in the food market in the context of short supply chains development – research on students from Poland and Romania*

12:00 – 13:40: Parallel Sessions 5			
Room A	**Room B**	**Room C**	**Room D**
Session A5: Education, Skills and Intergenerational Transmission	Session B5: Macroeconomic Uncertainty and Stabilization	Session C5: Environment, Energy and Local Outcomes	Session D5: Identity, Preferences and Social Behavior
Moderator: Enkelejda Havari	Moderator: Marco Airaudo	Moderator: Martin Falk	Moderator: Mariko Klasing
Betul Turkum (Aix-Marseille School of Economics) *From Mothers to Children: Intergenerational Returns to Education* Konstantina Maragkou (University of Cambridge) *Religious-Based Discrimination in the Classroom: Evidence from Blind and Non-Blind Assessments* Mudabira Fayaz (online) (University of Sheffield) *Special Economic Zones, Special Learning Gains? Evaluating Education Impacts in India* Enkelejda Havari (IESEG School of Management) *Born Here, Raised There: Regional Mobility and Intergenerational Transmission of Education in Europe*	Eric Vansteenberghe (Banque de France) *Uncertain and Asymmetric Forecasts* Krzysztof Beck (Lazarski University) *Operationalizing the Quantity Theory of Money with a Bayesian Time-Varying Cointegration-Space Model* Maria Grydaki (Hellenic Mediterranean University) *Agreed and disagreed uncertainty and real economic activity: the case of Europe* Marco Airaudo (Drexel University) *Inflation Stabilization with Subsistence Constraints*	Bhavya Srivastava (online) (World Bank Group) *No Point Crying Over Spilled Oil: Impact of Crude Oil Spills on Out-Migration in Nigeria* Birte Winter (Halle Institute for Economic Research) *The price of beauty: Biodiversity effects on residential housing markets* Konstantinos Matakos (King's College London) *Does Warm Weather Cool Voters Down? How Temperature Shocks Impact Climate Concerns, Voting, and Policy Preferences* Martin Falk (University of South-Eastern Norway) *Cultural World Heritage Management mainly indifferent to Renewable Energy Facilities*	George Melios (London School of Economics and Political Science) *Religion, Identity, and Preferences* Ružica Savčić (University of Salerno / University of Cyprus) *Dynamic Identity and Dynamic Ethnosizing* Sofoklis Goulas (Yale University) *The Short- and Long-Run Impact of Comparative Noncognitive Skills* Mariko Klasing (University of Groningen) *Preparing Kids for Capitalism: The Effect of German Reunification on the Intergenerational Transmission of Preferences*

<table>
<tr><th colspan="4">16:00 – 17:40: Parallel Sessions 6</th></tr>
<tr><th>Room A</th><th>Room B</th><th>Room C</th><th>Room D</th></tr>
<tr><td>Session A6: International Trade, Sanctions and Export Networks</td><td>Session B6: ESG, Green Taxation and Sustainable Finance</td><td>Session C6: Immigration, Refugees and Labor Markets</td><td>Session D6: Macroeconomics, Monetary Policy and Financial Frictions</td></tr>
<tr><td>Moderator: Vaiva Petryle</td><td>Moderator: Anil Kucukgode</td><td>Moderator: Anastasia Litina</td><td>Moderator: Kirilll Shakhnov</td></tr>
<tr><td>Ioannis Papadakis
(Competition and Markets Authority)
IP Enforcement Costs, International Trade and Innovation

Samuel Kamal Lux
(RWTH Aachen)
The Impact of International Economic Sanctions on Emigration

Loredana Pisano
(DSEAS, University of Palermo)
Trade Uncertainty and Bilateral Trade Balances

Vaiva Petryle
(Vilnius university / ISM university of Management and Economics)
Building a new export network: Evidence from the Eastern Europe</td><td>Manuel Frondel
(RWI)
The Regional and Distributional Consequences of Tax Pass-Through: The Case of Germany's Fuel Tax Discount

Arsenios – Georgios Prelorentzos
(Foundation for Economic and Industrial Research (IOBE))
Natural Hazards and Financial Activity: Evidence from Solar Storms Impact on BTC Mining

Thanassis Kazanas
(Aristotle University of Thessaloniki)
The Effect of Country ESG Performance on Public Debt: Evidence from Europe

Anıl Küçükgöde
(Istanbul Kultur University)
When Does ESG Lower Borrowing Costs? A State-Dependent Buffer Against Leverage Risk</td><td>Mili Mukim (Mallika) (online)
(University of Edinburgh)
Immigration and the gender wage gap

Effrosyni Adamopoulou
(Deutsche Bundesbank / ZEW / University of Mannheim / CEPR)
The Costs of Exclusion: Refugee Camps and Local Labour Markets

Iryna Viazmikina
(Universitat Jaume I)
EU Migration Determinants: A Bayesian Gravity Approach

George Liontos
(Athens University of Economics and Business)
Migration and the Transition to Green Economies

Anastasia Litina
(University of Macedonia)
individual Attitudes towards Immigration in Aging Populations</td><td>Elias Tzavalis
(Athens University of Economics and Business)
Fiscal Consolidation and Debt-GDP Stabilization: A Structural Policy Scenario Analysis

Francesco Pappada
(Ca' Foscari University of Venice / Paris School of Economics)
Rethinking the Cleansing Effect of Recessions

Giulio Nicoletti
(European Central Bank)
Mortgage Premia in the Euro Area

Kirilll Shakhnov
(University of Surrey)
Short-Run and Long-Run News: Evidence from Giant Commodity Discoveries</td></tr>
</table>

Tuesday 30th June, 2026

09:00 – 10:40: Parallel Sessions 7			
Room A	**Room B**	**Room C**	**Room D**
Session A7: Political Economy, Institutions and Historical Change	Session B7: Banking, Regulation and Financial Intermediation	Session C7: Fiscal Policy, Austerity and Public Debt	Session D7: Health Economics and Public Health Outcomes
Moderator: Michael Polemis	Moderator: Dimitrios Kanelis	Moderator: Guido Traficante	Moderator: Michael Chletsos
Andreas Sintos (University of Piraeus) *Do Innovative Regions Breed Job-Security Optimism? Evidence from Europe* Konstantinos Konstantakis (University of Piraeus) *The White House Effect: Military Expenditures in the Balkans and the Southeastern Mediterranean* Lina Restrepo-Plaza (Universidad Europea de Valencia) *Responding to Market Signals Under Uncertain Times: Evidence from a Lab-in-the-field Comic Experiment of Weather Ambiguity with Potato Farmers* Michael Polemis (University of Piraeus) *Why doesn't crime pay? A difference in differences analysis on the impact of cartel repeated behavior on productivity*	Albert Rutten (SEO Amsterdam Economics) *The effect of a bonus cap on compensation structure in the banking sector* Ami Dalloul (University Duisburg-Essen) *ECB perception of non-banks and market reactions: A machine learning-based approach* Konstantinos A. Dimitriadis (online) (American University of Cyprus) *The role of Green Premium in Financial Markets* Dimitrios Kanelis (Deutsche Bundesbank) *The Financial Instability – Monetary Policy Nexus: Evidence from the FOMC Minutes*	Christos Chrysanthakopoulos (University of Patras / Centre of Planning and Economic Research) *The effects of austerity on fiscal prudence: the role of private indebtedness and private investment* Maria Flevotomou (Bank of Greece) *Fiscal Drag in Greece* Panagiotis Chronopoulos (University of Piraeus) *Sectoral Accounts as Fiscal Diagnostics: Real-Time Evidence and the Fiscal Multiplier Reassessment in Greece, 2010–2013* Pranvera Shehaj (Freie Universität) *Beyond Treaty Presence: Firm-Level Evidence of Tax Treaty Design and Investment in Developing Countries* Guido Traficante (European University of Rome) *Fiscal policies are not all alike: composition effects, regime switching and uncertainty*	Shreya Swarnakar (University College Dublin) *Impact of Community Health Workers on Child Mortality: Evidence from India* Dimitrios Minos (King's College London) *Economic Incentives and Public Health* Hyesung Oh (Center for Advancing Health Policy through Research, Brown University) *Delivering Amidst Consolidation: Implications of Hospital Mergers on Newborn and Maternal Outcomes* Catia Nicodemo (University of Oxford / Brunel University of London) *Incentives, Information, and Quality of Primary Care : Experimental Evidence*

<table>
<tr><th colspan="4">12:00 – 13:40: Parallel Sessions 8</th></tr>
<tr><th>Room A</th><th>Room B</th><th>Room C</th><th>Room D</th></tr>
<tr><td>Session A8: Household Finance, Wealth and Credit</td><td>Session B8: Labor Market Institutions, Historical Change and Wage Policies</td><td>Session C8: FDI, Offshoring and Global Value Chains</td><td>Session D8: Monetary Policy Rules and Central Bank Decisions</td></tr>
<tr><td>Moderator: Aneta Kłopocka</td><td>Moderator: Nikolaos Kanellopoulos</td><td>Moderator: Eva Hagsten</td><td>Moderator: Sören Karau</td></tr>
<tr><td>Aaron Amburgey
(Northwestern University)
Household Composition and The Transmission of Aggregate Shocks

Filippos Petroulakis
(Bank of Greece)
Unpacking Commodity Price Fluctuations: Reading the News to Understand Inflation

Monica Widmann
(Seton Hall University)
Information Clearinghouse: Market Implications of U.S. Judicial Decisions

Aneta Kłopocka
(VIZJA University)
Borrowing More, Burdening Less: Evidence from Relative Income Dynamics</td><td>Agustin Barboza Da Rosa
(Princeton University)
Robots, Jobs, and Organized Labor

Alina Velias
(Athens University of Economics and Business / London School of Economics and Political Science)
Do People Understand Minimum Wages? Evidence from Choice Experiments in Four Countries

Haris Kitsikopoulos
(NYU - retired)
Inventing the British Industrial Revolution: Primary Factors and the Role of Contingency

Nikolaos Kanellopoulos
(Centre of Planning and Economic Research)
Minimum Wage and Transitions In and Out of (Un)Employment in Greece</td><td>Constantina Kottaridi
(University of Piraeus)
Beyond Linearity in the Emissions–Growth–FDI Nexus: Semiparametric Evidence on Development-Stage Thresholds and Institutional Conditioning

Konstantinos Dellis
(Athens University of Economics and Business)
Nonlinear Knowledge Spillovers from Greenfield FDI: Absorptive Capacity Thresholds in Productivity and Innovation

Panagiotis Delis
(University of Piraeus)
Nowcasting GDP: Towards a new mindset

Eva Hagsten
(Södertörn University / The Swedish Agency for Economic and Regional Growth)
Location of foreign-controlled workplaces independent of high levels of broadband speed and skills</td><td>Alessandro Franconi
(Banque de France)
Import Tariffs and the Systematic Response of Monetary Policy

Marina Kotsa
(University College London)
Hawk or Dove by Nature? Evidence from the Bank of England's MPC

Thanassis Kazanas
(Aristotle University of Thessaloniki)
Effective monetary policy rules under recessionary conditions

Sören Karau
(Deutsche Bundesbank)
Political Pressure on the Fed – Is This Time Different?</td></tr>
</table>

16:00 – 17:40: Parallel Sessions 9			
Room A	**Room B**	**Room C**	**Room D**
Session A9: Macroeconomic Growth, Exchange Rates and Organizational Performance	Session B9: Digitalization, Entrepreneurship and State Capacity	Session C9: Environmental Regulation, Emissions and Firm Behavior	Session D9: Urban Economics, Labour Markets and Firm Performance
Moderator: Evangelos Dioikitopoulos	Moderator: Kyriakos Drivas	Moderator: Eleonora Sfrappini	Moderator: Paolo Sospiro
Ioanna Kokores (University of Piraeus) *Euro-Area Monetary Policy Transmission under Tokenisation and Unremunerated Central Bank Digital Currency* Zhuoran Du (University of New South Wales) *Identity Work As Incentive Design: Sustaining Purpose & Performance In Mission-Driven Firms* Evangelos Dioikitopoulos (Athens University of Economics and Business) *Keeping Up with the Influencers: The Impact of Aspirations on Labour Supply, Sectoral Allocation, and Economic Growth*	Alexandros Bechlioulis (University of Piraeus) *How Digitally Cohesive is Europe?* Patrick Healy (online) (Monash University) *Digital State Capacity* Pavel Gertler (National Bank of Slovakia) *Determinants of Digital Euro Adoption: The Role of Political Orientation* Kyriakos Drivas (University of Piraeus) *How Technology Phases Shape the Market for Inventions*	Efrossini Chelmi (National and Kapodistrian University of Athens) *Economic and Environmental Efficiency of Air Transport under the EU ETS: A Systematic Survey and Research Framework* Maria Chourdaki (AE4RIA.ReSEES Research Laboratory / Athens University of Economics & Business) *Regional Technological Capabilities for Climate Change Adaptation and the potential for environmental resilience in Attica* Eleonora Sfrappini (University of St Andrews) *Procuring Pollution? How Government Spending Shapes Firms' Emission Decisions*	Angelos Angelopoulos (online) (University of Ioannina) *On the Implementability of the (Stable) Socially Efficient Resolution of the Bargaining Problem of the Negative Externalities from Production to Consumption in an Urban Setting. An Egalitarianly-Equitable Walras-Nash-Coase General Equilibrium Theoretical Approach* Panagiotis Vagias (University of Piraeus) *Urban Transport and Economic Vulnerability: Commuting Time, Unemployment Risk, and Household Income Composition in Europe* Paolo Sospiro (EU-about and eCampus University) *The impact of sustainable certification on firm environmental and economic performance*

Abstracts

Sunday 28th June, 2026

Parallel Sessions 1: 09:00-10:40

Session A1: Monetary Policy Transmission and Household Responses

Moderator: Nikos Mylonidis

The Role of Expenditure Risk in Household Wealth Dynamics

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Keywords: Income Risk, Expenditure Risk, Wealth Dynamics, Precautionary Savings, Hand-to-Mouth

JEL: D15, D31, D52, E21

Abstract

A substantial fraction of U.S. households experience wealth decline, often transitioning into hand-to-mouth (H2M) status despite no clear income shocks. Standard models attribute these transitions to transitory income fluctuations, yet expenditure risk (ER)—persistent, unpredictable spending shocks—explains a larger share of downward wealth transitions. Using PSID data (1999–2021) and a flexible expenditure model, ER is identified as the primary driver of H2M transitions, surpassing transitory income risk. A heterogeneous-agent model incorporating ER successfully replicates these patterns, highlighting the role of expenditure shocks in shaping household wealth dynamics beyond standard income risk mechanisms.

Housing Supply Elasticity and the Transmission of Monetary Policy in the Euro Area

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Keywords: Monetary policy shocks, Housing supply elasticity, House prices, Rent prices, Time-Varying parameter
JEL: E44, E52, R31

Abstract

Euro area house prices react unevenly to identical monetary shocks. This paper pinpoints one structural driver of that heterogeneity: the short-run elasticity of housing supply. Using quarterly data for eleven countries from 2000:Q1 to 2024:Q4, we estimate country-specific, time-varying elasticities in a Bayesian TVP-VAR identified with sign-restricted demand shocks. Median values range from 0.33 in the most rigid markets to 2.07 in the most flexible, underscoring pronounced cross-country differences. When these elasticities are embedded in Jordà local projections, a 1% tightening in ECB monetary policy lowers house-price growth by up to 5% and rent growth by up to 3% within one year. The impact is milder where supply is elastic and stronger where it is inelastic; rent responses remain muted, reflecting rent rigidity.

Spillovers Channels of Global Monetary Policies

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Keywords: term premia, international spillovers, unconventional monetary policy

JEL: E43, E44, F42, G15

Abstract

This paper examines whether international spillovers from Federal Reserve (Fed) and European Central Bank (ECB) monetary policy shocks transmit differently to euro area neighboring sovereign bond markets. Using a dynamic term structure model that accounts for nonlinearities around the effective lower bound, I decompose sovereign yields into expectations and term premia for eight spillover-recipient economies and recover shadow short rates for policy-constrained periods. These estimates are combined with high-frequency monetary policy surprises from the Fed and the ECB to identify distinct spillover channels—aggregate demand, exchange rate, and risk-taking. I find that spillovers vary systematically across maturities and shock types. In particular, Fed and ECB shocks may propagate through different channels, and transmission is asymmetric between tightening and easing episodes. The results highlight the heterogeneous exposure of small open economies to global monetary policy and have important implications for the international transmission of unconventional and conventional policy actions.

Inequality and financial crises: new evidence

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Keywords: Financial crises, income inequality, fiscal policy, globalization, local projections

JEL: E25; F62; G01; O15;

Abstract

Income inequality has risen markedly across advanced economies since the 1980s, making the identification of its underlying drivers a central research and policy concern. While existing literature highlights globalization and skill-biased technological change as key long-run determinants, recent work emphasizes the role of financial globalization and its interaction with macroeconomic policy. This study examines the dynamic effects of financial crises on income inequality and fiscal redistribution, and explores the channels through which these effects materialize. Using Jordà (2005) local projections, we estimate impulse responses of multiple inequality measures—drawn from the SWIID and World Inequality Database—to financial crisis shocks. To identify transmission mechanisms, we employ the multidimensional KOF globalization indices, alongside economic and political controls. Our findings indicate that financial crises generate persistent increases in income inequality, with globalization-related constraints on fiscal policy and redistribution playing a significant mediating role.

Session B1: Climate, Migration and Environmental Resilience

Moderator: Dafni Grigoriadi

Natural Disasters and Slow Recoveries: New Evidence from Chile

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Keywords: Natural Disasters, Regional Economies, Emerging Markets, Financial Frictions, Panel Local Projections

JEL: E22, E32, E44, Q54, R11

Abstract

We study the macroeconomic responses of Chilean regions to natural disasters—floods and wildfires—using local projections and a combination of public and novel administrative data. We document persistent GDP losses, temporary declines in consumption, and a delayed recovery in investment, accompanied by rising employment but falling wages and effective hours. These dynamics contrast with U.S. county-level evidence and point to the importance of disaster size, as well as institutional and financial conditions, in shaping post-disaster recoveries in emerging economies. We interpret the evidence through four mechanisms: destruction of productive capital, tighter financial conditions that constrain rebuilding, reallocation of production, and household wealth losses that depress consumption while supporting low-wage reconstruction employment. Embedding these mechanisms into a real business cycle model with financial frictions, we show that financial constraints are quantitatively central: absent these frictions, post-disaster losses in economic activity during the first years would be reduced by about one half. Our findings highlight the role of targeted financial and reconstruction policies in mitigating the long-run economic costs of climate-related disasters.

Climate Stress and International Migration from MENA

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Keywords: International migration; MENA region; Climate shocks

JEL: F22, Q54, J61

Abstract

Existing research on the drivers of international migration is constrained by incomplete measurement of volumes, directions and country coverage. Most studies focus on recent decades, a narrow set of OECD destinations or a single flow type, even though categories are blurred, new destinations have emerged and many developing countries now host large migrant populations. Recent work suggests that migration drivers are best understood within a broader migration system rather than in isolation. However, even in this newer literature, long-run historical ties, such as deep ancestry links or very old migrant stocks, are still rarely analyzed jointly with contemporary drivers and environmental pressures in a unified empirical framework. In this paper, we focus on MENA countries and use bilateral flow estimates from Abel (2018) in a gravity framework to analyse how environmental stress interacts with the broader social, political, and historical structures that organise migration. We distinguish fast-onset shocks, measured by the number of people affected by floods and storms, from slow-onset anomalies, captured by 12-month SPEI indicators for unusually dry and unusually wet conditions. These origin-year shocks have been analyzed in a rich context of civil conflict, development, urbanization, and agrarian exposure, and we further augmented the study with historical migrant stocks around 1960 and a new ancestry stock measure we developed, reflects historical ties built up in the Colonial Era. This study is one of the first to incorporate deep ancestry-based ties into an empirical analysis of migration from MENA. Our results show that fast-onset disasters affect emigration from MENA in a non-linear way: small and moderate events are largely absorbed locally, while very severe shocks lead to sharp increases in cross-border outflows. Deviations from normal moisture in either direction, whether drought or excess rainfall, are also associated with higher emigration.

Green Tax Pass-Through to Retail Fuel Prices and Firm Heterogeneity: Evidence from France

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Keywords: green tax; pass-through; high-frequency identification; firm heterogeneity; fuel prices

JEL: D22; E31; E37; E65; Q41; Q48

Abstract

Combining a natural experiment and high-frequency information on retail fuel prices, we investigate the level, dynamic, heterogeneity, and dependence of the pass- through of a green tax. The green tax's economic incidence passes largely to consumers but with significant heterogeneity across gas stations. The magnitude and speed of pass-through vary between 84% and 100%, and two and eleven days. The frequency of price changes shapes the tax's incidence. Firms frequently adjusting prices pass through the tax, whereas those that do not, adjust their high markups due to strategic complementarities that slow down the pass-through according to a heterogeneous- firm model.

Exploring ESG motivations through the Firm's OFDI status

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Keywords: ESG; Sustainability; Outward Foreign Direct Investment (OFDI); SMEs; ESG motivations; Triple Bottom Line; Eclectic Paradigm.

JEL: F23; M14; Q56; L26; D22

Abstract

This study explores the motivations of sustainability commitment among Greek small and medium enterprises (SMEs) distinguishing between firms with and without outward foreign direct investments (OFDI) over the last five years. Moving beyond the dominant view of ESG as a response to regulatory pressures, we differentiate among ethical, economic, and necessity-based motivations. Preliminary statistics indicate that economic motivations dominate, particularly among OFDI firms, while necessity-driven motives remain moderate and ethical motivations comparatively weaker. In order to fill this gap drawing on the Triple Bottom Line (Elkington, 1997) and Dunning's Eclectic paradigm (1988, 2009), we propose a sustainability-driven entrepreneurial internationalization framework by incorporating moral, economic and necessity logics

Session C1: Work, Wages and Job Mobility

Moderator: Evgenia Dechter

Job Displacement and Transferability of Human Capital

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Keywords: human capital, displaced workers, match quality

JEL: E24, J24, J64.

Abstract

This paper develops a search model in which human capital is neither fully general nor fully match-specific, and examines the role of imperfect transferability in generating wage losses after job displacement. The model endogenizes human capital transferability by explicitly modeling the rematching process. After displacement, the fraction of human capital transferred to a new job is determined by match quality. Workers differ in prior work experience and learning ability, which jointly determine human capital accumulation and shape reservation match quality and job acceptance decisions. We estimate the model and show that it accounts for the magnitude and heterogeneity of wage losses and unemployment durations following displacement. Quantitatively, workers accept 62% of job offers and retain, on average, 46% of their human capital upon reemployment. Around 92% of earnings losses are explained by imperfect match quality.

Remote Work and Child Penalties

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Keywords: remote work, child penalty, gender gap, labor supply

JEL: J16, J21, J22

Abstract

This paper studies how remote work affects child penalties in employment, using pseudo-event studies around childbirth. Using complementary empirical strategies at the individual, household, and regional level, I find that remote work reduces the child penalty by about 4 p.p., relative to a baseline penalty of 17 points. These effects operate through three channels: women in remotable occupations are more likely to remain in their pre-child job; mothers increasingly transition into remote work; and women whose partners can work from home are more likely to remain employed. The post-pandemic increase in remote work brought higher-quality, higher-paying jobs, strengthening these effects.

Employment polarization in a frictional labour market

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Keywords: Job Polarization; Employment; Technological change; Routinization

JEL: E24; J24; O33; J62

Abstract

This study first provides evidence compatible with the idea of employment polarization in the Greek labour market since the early 1990s. Then, using census data spanning four decades and an instrumental variables approach, we find that exposure to routine employment explains these patterns, though the effects appear to be modest concerning non-routine employment. We explain the findings using a segmented search and matching model.

Working From Home and Wage Dynamics

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Keywords: remote work, wages, productivity, human capital

JEL: J24, J31, E24

Abstract

We study the relationship between working from home (WFH), wages, and wage growth using a representative sample of full-time workers. We introduce a framework that distinguishes between current productivity and human capital accumulation across work modes, and we develop an empirical strategy to estimate the relationships between work arrangements, wage levels, and wage growth while addressing selection into remote work. Reallocating hours toward WFH is not systematically related to contemporaneous wage levels, while higher WFH intensity predicts slower wage growth for men. An increase of eight WFH hours per week is associated with a 0.6–1.5 percentage point reduction in annual wage growth for men. For women, the corresponding estimates are generally not statistically distinguishable from zero. We show that these patterns are robust to a range of controls and are unlikely to be explained by occupational differences, selection on observables, or endogenous schedule changes. The findings are consistent with WFH affecting inputs into human capital accumulation and career progression, with stronger average relationships for men.

Session D1: Regional Networks, Spatial Economics and Vulnerability

Moderator: Giacomo Benati

Strategic Entry and Policy in Isolated EV Charging Markets

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Keywords: Charging Infrastructure, Market Entry, Competition

JEL: L5, L13, L98, Q41

Abstract

This paper studies how a sudden regulatory shock affects pricing and infrastructure expansion in electric vehicle (EV) charging markets. I exploit a natural experiment on the Greek islands, where a maritime safety rule restricts ferry boarding to vehicles with a battery charge above 40%. By forcing travelers to arrive with a low state of charge, the regulation generates a sharp increase in destination charging demand, operating as an implicit, localized subsidy for public charging investment. Using high-frequency connector-level data, I estimate a discrete-choice logit demand model to recover price sensitivity and infer marginal costs and markups under a single-product Bertrand benchmark. I complement this analysis with reduced-form evidence on entry and competitive responses. The regulation is associated with a substantial increase in aggregate charging activity and a rapid expansion of charging capacity. Entry is less likely in markets with high pre-existing infrastructure but is strongly associated with travel-related location fundamentals such as hotels and fuel stations. I also document spatially strategic entry, with new charging locations frequently opening near pre-existing rival sites. Counterfactual product-removal exercises indicate sizable short-run welfare losses when post-policy entry is removed, driven primarily by reduced availability rather than price changes.

Do Remote Workers Deter Neighborhood Crime? Evidence from the Rise of Working from Home

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Keywords: working from home, property crime, spatial spillovers, hedonic house price models
JEL: H750; K420; R200

Abstract

In this paper, we provide the first evidence of the effect of the shift to remote work on crime. We examine the impact of the rise of working from home (WFH) on neighborhood-level burglary rates, exploiting geographically granular crime data and a neighborhood WFH measure. We document three key findings. First, a one standard deviation increase in neighborhood WFH (9.5pp) leads to a persistent 4% drop in burglaries. This effect is large, explaining more than half of the 30% decrease in burglaries across England and Wales since 2019. Second, this treatment effect exhibits heterogeneity according to the remote work capacity of contiguous neighborhoods. Specifically, being surrounded by relatively high WFH neighborhoods can entirely offset the crime-reducing benefit of a given neighborhood's WFH potential. This is consistent with the predictions of a spatial search model of criminal activity that we develop in the paper. Finally, we document large welfare gains to the decrease in burglary. We estimate welfare gains using a hedonic house price model. Our most conservative estimates show the welfare gains are £24.5billion (1% of 2022 UK GDP), but the true gains are likely much higher. These estimates suggest the reduction in burglaries are among the most important consequences of the rise in WFH.

Regional Discounting

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Keywords: regional policy, discounting, intertemporal welfare, transfers

JEL: D61, H43, O18

Abstract

This paper derives a welfare-based shared social discount rate (SDR) for public investments when project costs and benefits are distributed unevenly across regions which have differing consumption levels and growth rates. Starting from Constant Relative Risk Aversion (CRRA) preferences, we show that spatial asymmetries in financing and benefits results in a regionally adjusted Simple Ramsey Rule (SRR)-based SDR in which an effective growth term diverges from the the measure of growth derived in the standard SRR derivation. We then extend the framework to also allow welfare to depend jointly on produced consumption and ecosystem services under CES preferences when the production of the two outputs cannot be separably managed. For projects delivering such mixed benefits, we then also derive a single SDR which depends on benefit composition and spatial incidence. Numerical illustrations show that SDR recommendations can substantially undervalue regionally concentrated investments which jointly produce consumption and environmental benefits when appropriate adjustments are not undertaken.

The network structure of the urban revolution

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Keywords: origins of markets, network analysis, urban revolution, economic history of middle east, transportation systems, early globalization

JEL: N15, N20, N70, N95, O18, O53, R12, R40, D85

Abstract

Long-distance interaction predates cities, but the scale of exchange during the Urban Revolution was unprecedented. How did early urban societies sustain transcontinental trade without modern transport, finance, or institutional infrastructure? We address this by formally analyzing the Uruk Expansion in Chalcolithic Mesopotamia (~4000–3000 BCE), often considered the first episode of globalization. Using network analysis on a new dataset of over 1,700 settlements and routes, we show that initial river-based links evolved, through diaspora bridging, into dense clusters and ultimately produced small-world network structures that balanced local integration and system-wide connectivity. This shift—from branching to grid-like integrated networks—challenges dependency-based interpretations and instead points to an emergent market-formation process in early urban exchange

Parallel Sessions 2: 12:00-13:40

Session A2: Policy Shocks, Public Finance and Macroeconomic Dynamics

Moderator: Georgios P. Kouretas

Effects of Fiscal Stimulus on Credit Constraints and the Role of Firm Dynamics

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Keywords: Fiscal policy, firm dynamics, credit constraints, equity evaluations, DSGE model

JEL: E32, E44, E62

Abstract

During the 2007-09 contraction, the credit crunch in the U.S. economy coevolved with a dramatic and persistent decline (27%) in firm entry. The massive monetary expansion pursued by the U.S. Federal Reserve during the crisis had limited success in tackling these two phenomena. This study examines whether and to what extent fiscal policy can deal with them. First, analyzing quarterly U.S. data from 1971Q1 to 2019Q4 through the lens of local projections and SVARs, we empirically demonstrate that expansionary fiscal policy can stimulate both improve financial conditions and stimulate new business formation. Second, we develop a New Keynesian DSGE model combining endogenous firm entry and firm-level financial constraints to explain this finding. The model implies that a fiscal expansion can relax credit constraints faced by firms, leading to a gradual and persistent rise in firm numbers. We also demonstrate that firm entry dynamics are a crucial dimension for fiscal policy analysis in the presence of financial frictions. We find that firm entry substantially affects the persistence of the impact of fiscal shocks on the aggregate economy and the size of fiscal multipliers, especially in the long run.

Ports of Power

Katerina Nikalexi
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Keywords: International macroeconomics; Empirical trade; Regional economic activity; Transportation economics; Geoeconomics
JEL: E37; F14; F52; R12; L92

Abstract

This paper studies how foreign ownership of maritime infrastructure reshapes inland trade networks. I combine hand-collected data on Chinese state-backed acquisitions of European ports with 1.5 million truck-level shipments linking 368 NUTS2 European regions between 2011 and 2022. Using a continuous-treatment event study that leverages the policy-driven and externally timed rollout of China's Maritime Silk Road, I estimate heterogeneous effects across European regions based on their baseline port reliance. Regions more exposed to Chinese port acquisitions experience relatively larger contractions in trade along both the intensive and extensive margins. The results reveal a reconfiguration of trade corridors, consistent with a shift toward containerized transport within existing industrial structures. From a policy perspective, the results speak directly to Europe's strategic concerns in the governance of critical trade infrastructure.

The slope of the euro area price Phillips curve: Evidence from regional data

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Keywords: price Phillips curve, regional data, non-linearity, heterogeneity

JEL: E24, E30, E31

Abstract

This paper contributes to the literature on the price Phillips curve by exploiting subnational regional data from 11 euro area countries. Beyond controlling for aggregate fluctuations common across euro area regions, our approach accounts for country-specific dynamics, including national inflation expectations, thereby addressing key limitations in previous studies. Our results suggest that the Phillips curve in the euro area is relatively flat, but statistically significant. Furthermore, we provide novel evidence on potential nonlinearities in the price Phillips curve and highlight the critical role of properly accounting for country-specific factors such as inflation expectations. These findings provide new insights for the conduct of monetary policy and underscore the value of regional data in euro area macroeconomic analysis.

Geo-economic fragmentation and (de)globalisation: what role for global supply chains?

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Keywords: Geo-fragmentation, globalisation, global supply chains, real interest rates

JEL:

Abstract

Most recent literature suggests that the globalisation process started during the late 1980s is in retreat. Several forces are singled out as drivers. These include notably the perception that technological forces and the expansion of the WTO membership with the accession of China have lost momentum, and the changes in economic policy toward protectionism and regionalisation as a response to people's perceptions that globalisation has brought with it job losses and increased income disparity. The Covid-19 pandemic added to those concerns and provided support to geo-fragmentation arguments as the original negative supply-side shock resulted in product and service shortages along the complex world-wide network of supply chains because of the containment, closure, and economic policies enacted to arrest the spread of the virus. This paper uses a large macro-financial and trade database to explore the response of global supply chains to the initial negative supply-side shock and, as health-related and economic policies were withdrawn, the ensuing positive demand shock. The framework to understand global supply chain dynamics of Kim and Shin (2023) and the Trade in Value Added (TiVA) Indicators (2023) of the OECD suggest that global supply chains faltered during a short period due to government policies to address health concerns but recovered quickly as restrictions were lifted. A policy message is that the network of global supply chains responded to economic policies as expected and does not constitute per se an argument to support the pre-existing and growing disbelief about the net benefits of unhampered international trade. However, growing trade tensions and the COVID-19 pandemic highlight the need to improve economies' resilience and mitigate dependence on a limited number of suppliers while spreading the use of digitalization, which proved its usefulness in facilitating access to labour supply.

Session B2: Migration, Inclusion and Political Attitudes

Moderator: Enrique Fatas

The Legacy of Growing Up in a Recession on Attitudes Towards European Union

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Keywords: Recessions, European Integration, EU Cohesion, Trust, EU Institutions, Euroscepticism

JEL: D70, E60, F15, F36, H70, P16, Z10

Abstract

In an era marked by repeated crises and the growing traction of populist movements, understanding the deep-rooted factors shaping EU cohesion has become increasingly urgent. This paper investigates how lifetime exposure to economic recessions influences individual attitudes toward the European Union (EU). Resorting to rich micro-data from the European Social Survey (ESS) and the Eurobarometer, we construct a detailed measure of economic hardship experienced during lifetime, capturing not just isolated downturns but the accumulated burden of multiple recessions over time. Importantly, we distinguish between various types of shocks-including output contractions, unemployment surges, consumption drops, participation in IMF adjustment programs, and the asymmetry or symmetry of crises across EU member states. We show that individuals with greater lifetime exposure to these economic shocks are more likely to distrust EU institutions, oppose further integration, vote for Eurosceptic parties, and support exiting the EU. These patterns are especially pronounced for asymmetric shocks, which disproportionately affect specific regions or countries, in contrast to symmetric shocks, which appear to foster a sense of shared fate and solidarity. A series of robustness tests-including placebo checks, heterogeneity analyses, diverse shock types and designs exploiting EU institutional structure -confirms the persistent impact of economic trauma on EU attitudes, underscoring the need to address historical recessions to safeguard cohesion and democratic legitimacy in the context of the EU.

Direct Experience, Temporary Fear: How Victimization Shapes Crime Perceptions and Precautionary Behavior

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Keywords: fear of crime, perceptions, perceived risk, avoidance behaviors
JEL: D91, K14

Abstract

This paper studies how direct and indirect victimization shape different dimensions of fear of crime. Using five waves of a German panel dataset collected between 2022 and 2024, we link personal experiences of crime to changes in emotional reactions, perceived risk, and precautionary behavior. We employ a difference-in-differences and event study design that accounts for staggered victimization. Our estimations show that direct victimization leads to a clear and persistent rise in cognitive and affective fear. Avoidance behavior increases in the short run but returns to previous levels later on. Perceptions of overall crime trends remain unchanged. Indirect victimization also increases fear, although the effects are smaller and short-lived. These findings show that personal experiences shape fear of crime but do not meaningfully alter broader beliefs about crime in society.

Do Political Representation Gaps Cause Populism? Evidence from the 2025 German Election

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Keywords: Populism, Elections, Information Provision Experiment, Immigration

JEL: D72, C93, K37

Abstract

Research on the rise of populism has largely overlooked the explanation populists themselves advance: that they fill political representation gaps, defined as discrepancies between mainstream parties' policies and the "popular will." We test this claim in an information-provision experiment conducted in the weeks leading up to the 2025 German federal election. A sample of 5,040 German citizens was randomly assigned varying information about the immigration stance of Germany's mainstream center-right CDU—an issue marked by a substantial representation gap. We find that perceptions of the CDU's position significantly affect both vote intentions and incentivized behavioral measures: when the CDU is perceived as closer to the electorate's conservative preferences on immigration, support for the right-wing populist AfD declines. Our estimates indicate that the AfD's vote share would shrink by as much as 75% if the CDU adopted its immigration stance. These results suggest that the electoral success of populist parties is strongly linked to genuine policy preferences, rather than being driven solely by dissatisfaction with political elites or protest voting

Conditional Cooperation in the Field: Preventing the Exclusion of Migrants with a Behavioral Intervention in Ecuador

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Keywords: public administration, conditional cooperation, discrimination, migration, public services, behavioral public policy

JEL: C93, D91, H83

Abstract

We test the conditional cooperation model with three behavioral interventions run in Peru (with 700+ bank executives in a large commercial bank), Ecuador (with 4,000+ civil servants working in three large government departments) and in Spain (with 2,000+ social services' users and civil servants). The preregistered interventions map conditional cooperation types into the treatment effects of either experimental diagnostic tools (in Peru and Spain) or a behavioral intervention consisting in a mandatory online training (in Ecuador). All three field interventions aim to understand and/or mitigate discrimination towards migrants. We elicit conditional cooperation types following the seminal work of Urs Fischbacher, Simon Gachter and Ernst Fehr. Using vignette experiments, we classify a large majority of participants in four types: Free Riders (FR), Hump Shaped (HS), Conditional Cooperators (CC), and (unconditional) Kantian Cooperators (KC). Our results show that participants exhibit significant and robust discrimination towards migrants in the three countries, without traces of intersectional discrimination (by gender and origin) in Ecuador and Spain, but with a large and significant one in Peru (migrant women have a 75% lower probability of getting their loan approved than male locals). Discrimination is consistent with deep mistrust in Venezuelans, a strong preference for prioritizing locals, and widespread systemic discrimination. Our analysis of conditional cooperation types reveals a pattern that closely mimics the canonical lab findings. Cooperation and beliefs are ordered as in lab experiments (KC>CC>HS>FR), and the heterogeneity behind treatment effects can be only understood by mapping conditional cooperation in the three samples.

Session C2: Innovation, SMEs and Firm Performance

Moderator: Eirini Thomaidou

Bridging the Innovation Gap: A Systematic Review of Public Financing Effectiveness for SMEs (2020-2025)

Daniel Ruiz Romera

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Keywords: SMEs; innovation financing; public policy; additionality; certification effect; systematic review

JEL: O38, G28, H25, O31, H81

Abstract

OBJECTIVES: Small and medium-sized enterprises (SMEs) are central to innovation-led growth, yet many face a persistent financing gap that limits their capacity to invest in R&D. This review asks how effective public financing instruments have been at closing that gap in the post-pandemic period, and under what conditions they translate public money into genuine private innovation activity. We aim to map the current evidence base, distinguish instruments that add value from those that merely displace private funds, and surface the design factors that separate success from failure.

METHODS: We conducted a systematic literature review of empirical studies published between 2020 and 2025, following PRISMA 2020 guidelines. A multi-stage screening protocol identified high-quality work at the intersection of public finance and SME innovation, covering direct grants, fiscal incentives, and credit-access schemes. We combined bibliometric mapping with structured narrative synthesis to compare effectiveness across firm types, instruments, and institutional settings.

RESULTS: Public financing is broadly associated with positive additionality and limited crowding-out, with the largest gains among younger, smaller, and financially constrained firms. Beyond direct funding, a certification effect — where competitive public selection signals firm quality to private investors — emerges as a key channel of impact. Effectiveness is nonetheless constrained by administrative complexity and the scarcity of complementary non-financial support. The evidence also points to a research frontier shifting toward green and digital transitions.

The Impact of Innovative SME Certification on Financial Performance and Innovation: Evidence from Italy with Regional Perspectives

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Keywords: Innovation Policy, SME Certification, Regional Innovation Systems, Difference-in-Differences, Italy, PMI Innovativa

JEL: O31, O38, L25, R11, R58

Abstract

This paper investigates the causal effects of the Italian PMI Innovativa (Innovative SME) certification on firm performance across multiple dimensions, including intangible assets, patenting activity, R&D investment, and equity capitalization. Using a comprehensive panel dataset of Italian small and medium-sized enterprises from 2015 to 2023, we employ a Difference-in-Differences (DiD) estimation strategy to identify the treatment effects of certification, controlling for firm-level characteristics and unobserved heterogeneity through firm/sector and year fixed effects.

The effect of innovation on TFP and economic growth for the G7 countries

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Keywords: Patents, TFP, Economic growth, Time series, panel data analysis
JEL: C22, C23, O34, O40, O47

Abstract

Innovation is an important aspect of production, as it leads to economic growth directly through increased production volume and indirectly through enhanced efficiency. The research aims to examine the impact of innovation on output productivity, using the total number of patents issued as the best proxy variable for quantifying its behavior, for the G7 countries, which are considered to be at the forefront of technological progress and share several common characteristics in terms of economic growth and production capacity. Using time series analysis, this study finds that innovation positively affects efficiency, through TFP growth, and output growth, though real GDP, at different magnitudes for each country, with the effect being stronger in the case of output. However, the effect is not immediate, but it takes five years until the impact of technological advancements becomes noticeable in production, a finding that was also supported by panel data econometric analysis, although a few countries were able to adopt new technologies at a faster rate.

Inexpensive Innovation and Export Margins

Eirini Thomaidou

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Keywords: Trademarks, Voluntary Sustainability Standards, Exports, Firm Performance, Inexpensive Innovation

JEL: F14, L25, O31, O34, Q56

Abstract

As firms become increasingly exposed to global competition and interconnected value chains, they seek cost-effective strategies that enhance market access, signal quality, and meet evolving consumer expectations. This study explores how two relatively low-cost forms of innovation, Trademarks and Voluntary Sustainability Standards (VSS), help firms navigate these challenges and strengthen their export outcomes. Trademarks capture non-technological innovation, especially in marketing and branding innovations (Millot, 2009) and are considerably less costly and administratively burdensome than patents (Mendonça, et al., 2004). Trademarks can signal incremental innovation and product differentiation (Davis, 2006; Flikkema et al., 2014), and their widespread adoption across sectors (WIPO, 2013) highlights their relevance for a broad base of firms, including SMEs (Rogers et al., 2007). VSS are private certification schemes that verify firms' compliance with sustainability, ethical, or safety standards, enabling SMEs to credibly signal product differentiation and thereby catalyse upgrading processes in international markets (Henson & Jaffee, 2008; Bemelmans et al., 2023). In contrast to conventional, resource-intensive innovation activities, VSS offer an accessible alternative for firms seeking to differentiate products, signal quality, and meet evolving consumer demands for sustainability (Bemelmans et al., 2023). We construct a novel firm-level dataset for Greece, which is characterised by a large share of SMEs. We draw on Trademark and VSS directories and combine the dataset with trade and financial data obtained from the Hellenic Statistical Authority and ICAP, for the period 2016-2024. Our analysis focuses on the effects of Trademarks and VSS on product quality, which can be inferred from market shares based on demand estimation (see Piveteau and Smaggue, 2019; Khandelwal, 2010). Product quality is particularly relevant in sectors sensitive to sustainability, such as agri-food and textiles, where certification increasingly acts as a prerequisite for access and upgrading (Jaffee & Henson, 2004; Latouche & Chevassus-Lozza, 2014). We employ multidimensional fixed effects models to account for unobserved heterogeneity across firms, products, and time, and examine both the direct effects of inexpensive innovation adoption and potential complementarities with other firm innovation characteristics.

Session D2: International Trade, Macroeconomics and Global Fragmentation

Moderator: Petros Milionis

Tariff Diplomacy in Monetary Economies

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Keywords: Tariffs, Monetary Policy, Allocative Efficiency

JEL: A10, B20, C30

Abstract

We analyse a standard two-country monetary model where one country can issue import-tariff threats, which the trading partner can avoid only by paying a lump-sum transfer. Monetary policy internalizes its effect on the credibility and value of these threats, thereby shaping equilibrium transfers. Analytically, we show that the stance of optimal monetary policy is governed by the sign of monetary transmission, in turn determined by the degree of price pass-through. The transfer equilibrium achieves higher global welfare than a tariff equilibrium by avoiding efficiency losses. Allowing for political costs of concessions, foreign households are also prefer transfers over tariffs.

Fiscal Response in the Presence of Aid Heterogeneity under Political Regime Change: New Evidence from Pakistan

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Keywords: Foreign aid, aid heterogeneity, political instability, fiscal response

JEL: D72, F35, O11, O23

Abstract

This paper explores the effects of temporary and permanent components of foreign aid grants and loans on fiscal decisions amid changes in Pakistan's political regime over the period 1973-2020. The results show that political regimes change leads to higher government current expenditures driven by political polarization, resulting in increased foreign loans. In contrast, foreign grants are mainly influenced by donor interests and intentions in aid recipient countries, but political regimes change are irrelevant. The response of fiscal variables to political regimes change reflect conditionalities linked to foreign aid inflows, particularly via the IMF, such as increased revenue and debt service to reduce average debt maturity, thereby reducing domestic borrowing. However, current expenditures increase, thereby reducing capital expenditures due to political polarization for foreign loans and, vice versa, for foreign grants. Moreover, it affects only temporary aid components as temporary loans do not significantly affect fiscal decisions; conversely, temporary grants support revenue-based fiscal adjustments by boosting revenue and domestic borrowing to cover increased debt service payments and current expenditures, thereby reducing public investment. Permanent loans promote investment and domestic borrowing but reduce current spending, without affecting tax revenues and debt service payments. Permanent grants, increase government borrowing, revenue, and overall government size. The findings suggest that aid donors should focus on grants rather than loans for heavily indebted countries and implement debt relief initiatives to prevent aid from being used solely for debt service repayment. Conditional aid should be provided to strengthen political institutions to reduce government size through expenditure-based fiscal adjustments. Additionally, temporary aid grants should be used for revenue-led fiscal adjustments, and permanent aid should target growth via investment.

A Quantitative DSGE Model of a Tripolar World Under Fragmentation

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Keywords: geoeconomic fragmentation; DSGE-trade; energy; critical minerals; payment networks; logistics; blocs; sovereign wealth funds

JEL: F13, F14, F51, E32, Q43

Abstract

We develop a quantitative geo-macroeconomic DSGE framework for a tripolar world economy. A U.S.-led bloc operates at the technology frontier, a Russia-led bloc combines resource-backed defense capacity with state rent mechanisms, and a China-led bloc pairs rapid defense- technology upgrading with rising dependence on imported energy and critical minerals. We model trade in technology and non-technology goods using a nested Armington structure that allows substitution patterns to differ within blocs relative to across blocs. Domestic defense-technology production uses energy and critical minerals as strategic inputs, so geopolitical frictions that segment these inputs propagate into costs and capacity. Geopolitics operates through persistent iceberg trade-cost wedges that summarize tariffs, sanctions, export controls, and compliance costs and, in reduced form, disruptions or upgrades in infrastructure, shipping, and settlement connectivity. To study Europes partial-alignment problem without mechanically shifting U.S. policy wedges, we introduce two link-specific wedges: a technology-trade wedge on EU-China technology links and an energy-trade wedge on Russian energy delivered to Europe. Quantitatively, tightening the EU-China technology link reduces EU technology output on impact by 0.18 percent, while tightening the Russia-Europe energy link raises Europes energy price index by 0.379 percent and reduces both EU technology output and EU defense-technology output on impact. In the models variance decomposition, the EU-China technology wedge accounts for 83.5 percent of EU technology-output volatility, while EU energy-price volatility is split between global energy fragmentation and the EU-specific energy wedge. These results illustrate strategic input segmentation propagates into technology and defense costs and lower across-bloc substitutability raises price indices and welfare losses even when average iceberg costs move modestly.

Trade Diversion: How US Tariffs reshape trade across European Regions

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Keywords: Tariffs, Diversion, Single Market, Trade Protectionism

JEL: F1, F42, R11

Abstract

The U.S. protectionist shift after 2018 has renewed both policy and academic debates on the impacts of global trade shocks. While most existing studies have focused on the bilateral effects of tariffs, the sub-national trade-diversion remains underexplored, especially within a highly integrated and harmonised context as the European Union. This paper investigates whether U.S. tariffs have triggered intra-EU trade diversion effects. Using a novel dataset covering 216 EU territorial units, we apply the Local Projections framework to estimate the dynamic response of intra-EU bilateral trade flows. The results indicate that, despite an initial wait-and-see phase driven by uncertainty, regional export flows gradually reorient towards the Single Market, reaching increases up to around 2 per cent relative to pre-shock levels. We further show that this trade diversion effect is heterogeneous and amplified by several factors, including pre-shock exposure to the U.S. market, the similarity of regional production structures and membership in the Euro area.

The Gradual and Heterogeneous Effects of European Trade Integration

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Keywords: European Union, Common Market, Euro, Trade Integration, Intersectoral Trade, Sub-national Regions

JEL: F14, F15, F33, H77, N74, R10.

Abstract

We use a theory-consistent empirical gravity framework to compare the effect of Eurozone membership on trade flows relative to that of participating in the European common market as well as other EU and non-EU bilateral and multilateral trade arrangements or institutions. We conduct this analysis based on different bilateral trade data sets which capture both gross and value-added trade at different levels of aggregation. The data allow us to compare these effects across pairs of countries, economic sectors and sub-national regions at the NUTS-2 level. Overall we find that participation in the European common market has a large positive effect on bilateral trade flows while participation in the European monetary union leads typically to weak and statistically insignificant effects. At the same time we document substantial heterogeneity in these effects across sectors and regions. Across sectors we find the effects of the common market and the common currency to be larger for trade in manufacturing goods. Across regions we find both effects to be larger for regions that are geographically close and regions that share a common language. Exploiting further the timeline of EU integration, we demonstrate that the two effects increase in magnitude the longer a given pair has been part of both the common market and the common currency. The findings suggest that European trade integration is gradual and it builds on pre-existing ties.

Parallel Sessions 3: 16:00-17:40

Session A3: Climate Policy and Macroeconomic Sustainability

Moderator: Anastasios Karantounias

From Individual Cognitions to Entrepreneurial Ecosystem Outcomes: What Matters?

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Keywords: Entrepreneurial ecosystems; fear of failure; perceived capabilities; opportunity perception; cultural values; institutions; multilevel modelling

JEL: L26; D91; E71

Abstract

Entrepreneurial ecosystems operate as interacting systems of institutions, networks, and cultural norms that condition whether individual entrepreneurial perceptions lead to actual entrepreneurial behavior. Perceived capabilities and opportunity recognition increase the likelihood of early-stage entrepreneurial activity, while fear of failure reduces it. However, these cognitive factors do not operate in isolation. Supportive ecosystem conditions—such as strong institutions, efficient networks, adequate infrastructure, and access to finance—strengthen the positive effect of self-efficacy and opportunity perceptions, while dense networks and social trust reduce the constraining effect of fear of failure. Cultural characteristics further shape these relationships, with trust and long-term orientation facilitating entrepreneurial action and uncertainty avoidance weakening the behavioral impact of perceived capabilities. Overall, entrepreneurial outcomes depend not only on individual cognition but on how ecosystem and cultural conditions shape the translation of perceptions into action.

A New Keynesian Model to Assess the Role of Government Preferences over Climate Investments

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Keywords: Capital, New Keynesian Model, Environmental DSGE, Climate Change Policy

JEL: E62, H23, Q52, Q58, Q54

Abstract

This paper develops a New Keynesian Environmental Dynamic Stochastic General Equilibrium (E-DSGE) model to analyze the role of government investment in facilitating the transition to a green economy. We extend the standard framework by incorporating two types of capital—polluting (brown) and non-polluting (green)—both used in production. Firms choose their capital mix while subject to carbon taxation, and the government directly invests in capital formation, favoring green and brown investments. The model includes adjustment costs for producing green capital, capturing the frictions associated with its deployment and the slow adaptation of firms to green alternatives. Our analysis explores the macroeconomic and environmental effects of fiscal policy under varying government investment preferences. We find that when the government invests solely in brown capital, the crowding-out effect on private investment leads to lower output, reduced consumption, and increased emissions. In contrast, when the government prioritizes green capital, economic growth accelerates while emissions decline, despite the presence of a private investment crowd-out effect. A mixed investment strategy, where the government allocates resources to both types of capital but still favors brown investment, yields results similar to the green-focused scenario but with more moderate effects.

Short-run spillover effects of climate shocks to small-open economies: An empirical investigation

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Keywords: Climate Shocks; Climate Change; Precipitation Proxy; Temperature Proxy; Non-Linearities; Macroeconomic shocks; Spillover VAR; Bayesian VARs; Proxy Identification

JEL: Q54, E31, C32

Abstract

This study extends recent work in the climate literature by examining how climate shocks, specifically temperature and precipitation anomalies, spill over across borders, influencing inflation and real economic variables. Using high-resolution gridded climate data, I construct sector-sensitive climate shock measures that account for potential sign asymmetries and embed them in a large two-country VAR framework for Italy and Malta. The analysis shows that climate shocks in Italy can generate inflationary pressures in Malta, particularly through processed food prices, services, and producer prices in food manufacturing. Importantly, once a shock crosses borders, it may materialise in different inflation components in Malta, reflecting country-specific transmission channels. These findings underscore the importance of cross-border climate vulnerability, especially for small open economies that are closely integrated with larger trading partners.

Environmental and monetary policies on climate change and stranded assets in the Eurozone area

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Keywords: E-DSGE model, climate change, environmental policy, stranded assets, monetary policy
JEL: D50, E52, Q43, Q54, Q59

Abstract

The study investigates the effects of climate change shocks on various macroeconomic, financial and environmental variables for the Eurozone area using an environmental DSGE model, which includes a mechanism for the energy sector and stranded assets. The aim of this research is to analyze the effectiveness of environmental policies that focus on pollution taxation and green subsidy in fighting climate change caused by either increasing emissions or decreasing fossil fuel reserves. Furthermore, the study explores the role of monetary policy in mitigating the problems caused by a shock to carbon-intensive investments related to climate change and environmental policies. The results show that environmental policies do not seem to be effective in the short term, except for changing energy production, but they ensure a very slow convergence towards the long-run equilibrium for all variables in the model. On the other hand, monetary policy appears to be effective in smoothing out the strong effects caused by a shock to carbon-intensive investments and in guaranteeing convergence towards the long-run equilibrium, something that was possible under the shock itself.

Optimal climate policy in a global economy

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Keywords: climate change, carbon taxation, international cooperation, non-cooperative policy, capital controls
JEL: E61; H21; H23; Q43; Q54

Abstract

This paper studies the optimal climate policy in a global economy. Emissions impose a dynamic, global, negative externality, raising natural questions about international policy coordination. To understand the issues involved, I first build a simple dynamic multi-country model and study the optimal cooperative climate policy that corrects the global externality. Moreover, I move beyond cooperation and study the optimal climate policy for a large country, that faces a passive rest of the world. In such a setup, corrective taxation motives are intertwined with interest rate manipulation through capital controls. Incentives for carbon taxation are amplified for net importers and mitigated for net exporters.

Session B3: Aging, Demographics and Well-Being

Moderator: Adelina Gschwandtner

Aging and the Wealth of Labor

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Keywords: Economic growth, Labor force participation, Aging

JEL: J08, J10, 047

Abstract

This paper analyzes the role of labor supply factors in affecting GDP growth per working-age population. We propose a growth accounting decomposition for some advanced economies and a neoclassical growth model which extends Fernandez-Villaverde et al. (2025). Our analysis suggests that labor supply factors – such as increased participation of women and the elderly in the workforce, e.g., through pension reforms that extend working life – have fostered convergence in growth rates of GDP per workingage population, thus moderating the negative effects of aging. A comparison with available population projections from the E.U.'s Ageing Working Group shows that the gains from higher labor market participation in the largest euro area countries are expected to be quantitatively sizable

Unequally (un)healthy: Effects of health inequality on income distribution in high-income countries

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Keywords: Health inequality, Income inequality

JEL: E02, H51, I14, O15

Abstract

An essential prerequisite of a functioning economy is a labour force able to make full use of the economy's productive capacity. Aside from expertise, good health is a basic determinant of labour productivity. However, it is often taken as a given that the labour force is a good state of health. In this paper, we draw attention to the fact that there exist considerable inequalities in health, which impact productivity and incomes by extension, thus inducing effects on the overall distribution of income. Although much literature on health and income is focused on developing countries, where health risks are more numerous and distributed more unequally, we posit that health inequality is also a major issue in developed countries (OECD, 2025). We conduct an empirical analysis on the countries of the OECD between 1991 and 2020, on both the national and subnational levels. The results confirm our hypothesis and are robust to multiple specifications.

Climate Policy Shocks, Demographics, and Fiscal Sustainability in European Countries

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Keywords: Climate policy shocks; Carbon intensity; Environmental policy stringency; Demo graphic and health outcomes; Panel Bayesian VECM

JEL: C11; E32; Q54; J11; I15.

Abstract

This paper analyzes the macroeconomic, fiscal, demographic, and health effects of emission and environmental policy shocks in Europe. Using a panel Bayesian VECM for 21 European countries over 1995–2019, we assess the joint responses to two types of shocks: a brown shock, defined as an increase in emissions due to a relaxation of mitigation policies, and a mitigation shock, representing a tightening of green measures. Results show that brown shocks raise mortal- ity and morbidity, reduce transfer and pension expenditures over time, and lead to lower GDP, consumption, and wages. Mitigation shocks, instead, reduce emissions and—after an initial contraction—improve macroeconomic conditions. The macro-fiscal and demographic impacts of mitigation policies differ across shock types, depending on whether they are market-based, non-market-based, or technology-driven.

The Paradox of Human Aging: Insights from UK Districts

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Keywords: The Paradox of Human Aging, Happiness, Aging, Life Satisfaction, District inequality

JEL: I31, I14, J14, R23, D63

Abstract

This paper examines the "Paradox of Human Aging" in the UK where life satisfaction often increases in later life despite physical decline using data from over 400 Local Authority Districts and 570,000 observations from the UK Household Longitudinal Study (2009–2023). Employing non-parametric methods alongside classical specifications, we find that while U-shaped "happiness smiles" are common, they are not universal. Interestingly, poorer districts exhibit more pronounced U-shapes, suggesting deeper midlife dips followed by recovery. In the second stage, we identify key determinants of life satisfaction among older adults: perceived financial security, reliable family relationships, neighbourhood cohesion, resilience, and general health. These findings have strong policy relevance. Interventions that enhance financial stability, strengthen social support networks, and build coping skills can promote happy aging and reduce inequalities in healthy life expectancy. By focusing on these aspects, policymakers can help ensure that longevity translates into wellbeing, turning demographic aging into an opportunity rather than a challenge.

Session C3: Inflation Forecasting and Uncertainty

Moderator: Justine Guillochon

Short-term Inflation Projections: The new BoG'STIP model

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Keywords: STIP model, inflation forecasting, Greece
JEL: C32, C51, C52, C53, E31

Abstract

This paper outlines the operational framework of the new Short-Term Inflation Projections model for the Greek economy – BoG'STIP model (hereafter) currently employed by the Bank of Greece within the context of the Eurosystem's inflation projection exercises. The new BoG'STIP model is designed to produce monthly projections for the Greek inflation over a 36-month horizon, providing a critical input for monetary policy decisions. It consists of a set of short-term dynamic equations for the Harmonised Index of Consumer Prices (HICP) and its main components, estimated with emphasis on both the statistical fit and the economic plausibility of the estimated coefficients. Using a pseudo real-time forecasting setup, the model is evaluated over the period 1995–2021 and generates projections for 2022–2024. The findings indicate that BoG'STIP model outperforms benchmark models such as AR and ARIMA across most HICP components, except for energy, confirming its robustness and practical value despite certain limitations. The model also exhibits strong forecasting performance for headline inflation, particularly at the 12-month horizon, and effectively captures broader inflationary trends even over longer horizons (up to 36 months). The paper contributes both operationally, by documenting a projection framework compatible with Eurosystem timetables, and empirically, by providing a transparent and policy-ready inflation forecasting tool tailored to the Greek economy.

Global Drivers of Domestic Inflation

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Keywords: Inflation drivers and dynamics, dynamic factor model, global co-movement.

JEL: C38, E31, E32, E37

Abstract

A global cyclical component accounts for the bulk of fluctuations in U.S. core infla-tion. The explanatory power of this component has varied over time: it exceeded 80% from the 1970s to the 1990s, declined to below 50% during the Great Moderation, and picked up to over 60% in the post-COVID-19 period. A large part of the information captured by this global component is unspanned by U.S. macroeconomic factors. The primary drivers of this global component have also evolved, with demand shocks dominating until the 1990s, whereas supply shocks became the main determinants of the post-pandemic inflation surge.

The Drivers of Household Inflation Uncertainty

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Keywords: Inflation Uncertainty, Household Expectations, Monetary Policy

JEL: D81, D84, D91, E31, E52

Abstract

We study the drivers of household inflation uncertainty using microdata from the Federal Reserve Bank of New York's Survey of Consumer Expectations (2013–2024). We construct and validate product-specific uncertainty measures for food, gas, medical care, education, and rent prices using rounding behavior in respondents' forecasts. Food-price uncertainty accounts for the largest share of variation in aggregate inflation uncertainty, while gas-price uncertainty becomes more important after 2020. To identify causal effects of monetary policy, we use identified monetary policy shocks and show that contractionary policy lowers inflation expectations and reduces product-level uncertainty, with particularly strong responses for food and gas. Based on these results, we embed item-specific uncertainty in a two-good New Keynesian framework where monetary policy affects item-specific uncertainty heterogeneously and derive the welfare-optimal (commitment) monetary policy response to sectoral inflation uncertainty. The model implies that it is optimal for monetary policy to counteract inflation uncertainty and that the optimal policy should react to sectoral uncertainty depending on the strength of pass-through, expenditure shares, substitution elasticities, and the correlation structure of sectoral shocks.

Price and Composition of Consumption: The Shift towards Unprocessed Food during Recessions

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Keywords: Consumption; Home production; Processing; Business cycle; Time use; Price; Household heterogeneity
JEL: D12;D13;E21;E31;E32;J22

Abstract

Using scanner data and product-level information, this paper documents the trend and the cyclicality of the processing level of market-purchased household food consumption over the period 2007 to 2020 in the United States. I identify a novel strategy, the processing effort, that households exploit to reduce the price of their basket. This strategy consists in altering their basket composition at business cycle frequencies to purchase less processed foods for which I uncover a lower price per unit. Several results emerge. First, the strategy is effective in reducing the price per unit of the household basket. Second, the strategy was used by households in both the Great and the Covid-19 recessions but varied in intensity across income groups consistently with the theory of the opportunity cost of time. Third, its nature allows to infer that home production is countercyclical which has implications for modelling the time allocation of households during economic downturns. Finally, I develop a tractable heterogeneous agent model (THANK) that reproduces the empirical evidence and reveals broader implications of the processing effort strategy including an amplification of the inflation reduction and an alleviation of the severity of the consumption contraction following a monetary policy tightening.

Session D3: Public Investment, Cohesion Policy and Regional Development

Moderator: Vassilis Monastiriotis

Crowding-In or Crowding-Out? A Systematic Review of the Effects of EU Cohesion Policy on Public and Private Investment

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Keywords: EU cohesion policy, crowding-in, crowding-out, additionality, structural funds, systematic literature review

JEL:

Abstract

European Union Cohesion Policy represents one of the largest supranational investment programmes globally, yet fundamental questions persist about whether these funds crowd in or crowd out public and private investment in recipient regions. This systematic literature review synthesises empirical evidence from 79 studies published between 1989 and 2026, examining the crowding-in and crowding-out effects of EU Structural and Investment Funds on both public and private capital formation. Following PRISMA guidelines, we conducted a comprehensive search via Scopus, supplemented by bibliometric analysis using the Bibliometrix R package. The review reveals a predominantly positive but highly context-dependent picture: the majority of studies find evidence of crowding-in effects, particularly for R&D subsidies stimulating private innovation investment and structural funds leveraging national public expenditure. However, significant crowding-out effects are documented in specific contexts, notably during fiscal consolidation periods, in regions with weak institutional quality, and where fungibility of funds enables substitution of national spending. Key moderating factors include institutional quality, administrative capacity, regional development levels, the design of policy instruments, and macroeconomic conditions. The findings indicate that the effectiveness of EU Cohesion Policy in generating additional investment depends critically on governance frameworks, absorptive capacity, and the alignment of EU and national investment priorities. The review identifies important research gaps regarding long-term dynamic effects, behavioural additionality, and the interaction between cohesion policy and fiscal governance rules, offering implications for the design of post-2027 cohesion policy frameworks.

Regional Uncertainty Spillovers through Global Value Chains

Luca Bettarelli

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Keywords: Uncertainty, Regional resilience, Global Value Chains, Multinational enterprises

JEL: R10, F23, F61, D81

Abstract

We study how foreign uncertainty shocks affect regional economic outcomes through regions' participation in global value chains (GVCs), using the local projections approach (Jordà, 2005). Baseline results show that these shocks significantly depress regional activity, with effects increasing in GVC exposure. Nonlinear analyses reveal strong heterogeneity: negative impacts are larger in poorer regions, during recessions, and in areas with low innovation capacity, weak institutions, and limited economic diversification. Shocks are mainly transmitted through production activities within GVCs, while pre- and post-production activities play only a marginal role. Network structure also matters: geographically dispersed networks mitigate transmission relative to concentrated external ties. These findings highlight the importance of regional absorptive capacity and network diversification in cushioning global uncertainty and call for policies that foster innovation, strengthen institutions, broaden economic structures, and reduce concentrated external ties, with targeted support for production-intensive and low-income regions.

Public Investment in Artificial Intelligence and Its Macroeconomic Effects Across EU NUTS2 Regions

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Keywords: artificial intelligence, regional, computable general equilibrium, European Union
JEL: C68, R13, O38

Abstract

Artificial intelligence (AI) has the potential to boost productivity, reshape labour markets, and accelerate innovation. In response, the European Union has adopted a comprehensive strategy centred on large-scale public investment, coordinated research and innovation policies, and enabling digital infrastructures. Public AI-related R&D is therefore expected to play a central role in shaping productivity dynamics, innovation capacity, and regional economic performance across the EU. This study assesses the aggregate and regional macroeconomic effects of public AI-related R&D investment using a modified version of the spatial computable general equilibrium model RHOMOLO, calibrated for all 235 EU NUTS2 regions. Building on recent empirical evidence that links public R&D spending to AI patenting, we translate region-specific innovation elasticities into productivity shocks within a general equilibrium framework. This allows us to examine how AI-driven productivity gains propagate through production networks, inter-regional trade linkages, and labour markets—channels that partial-equilibrium analyses cannot capture. Our scenario analysis evaluates the effects of scaling up public R&D investment in line with EU policy objectives, focusing on aggregate productivity, regional convergence, and spatial concentration of AI activity. By accounting for heterogeneity in innovation capacity, sectoral structure, and economic connectivity, the model identifies which regions benefit most from public AI investment and under what conditions productivity gains diffuse across space. The results contribute to current policy debates on innovation funding and provide guidance for designing place-based AI and R&D policies that balance aggregate efficiency with territorial cohesion.

Cohesion Policy effects on investment at the extensive and the intensive margin

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Keywords: Cohesion Policy; Regional Investment; Extensive Margin; Intensive Margin; Capital Productivity;

JEL: R11, H54, O40, E22, F15

Abstract

A large literature has investigated the growth effects of Cohesion Policy, finding on the whole positive effects albeit often with a number of qualifying conditions. The rationale of Cohesion Policy, however, concerns predominantly not the enhancement of regional growth per se but rather the enhancement of productive capacities in the targeted regions. Motivated by this observation, in this paper we examined the contribution of Cohesion Policy expenditures on private capital expansion (regional investment), focusing both on the extensive and the intensive margin (capital expansion and the productivity of capital, respectively). Our analysis unveils a very favourable picture for Cohesion Policy with regard to the extensive margin, implying a very successful role in mobilising private capital and raising local capacities for growth. At the same time, it also shows that the effect of Cohesion Policy on the intensive margin (the productivity of capital) is if anything negative, implying no additional 'productivity dividend' for Cohesion Policy interventions with regard to private investments. We discuss the implications of these findings in relation to the future of Cohesion Policy post-2027 and in particular in relation to the recent and continuous shift towards directed investment leveraging under EU's new industrial policy.

Monday 29th June, 2026

Parallel Sessions 4: 09:00-10:40

Session A4: Human Capital, Productivity and Workplace Behavior

Moderator: Nickolaos Tzeremes

Burnout as a Productivity Wedge in Income Creation: When Human Capital Doesn't Pay Off.

Eleftheria Stergiopoulou

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Keywords: Occupational burnout, Labor productivity, Human Capital, Income, Endogenous Growth, Economic factors, General Welfare, Well-Being European Social Survey

JEL: J24, J31, J28, O40, D31, Z13, E24, C83, I31

Abstract

Standard endogenous growth models emphasize human capital accumulation and training as key drivers of productivity and income growth. Yet in advanced European economies, substantial investments in education and lifelong learning increasingly fail to generate commensurate income returns. This paper argues that occupational burnout constitutes a previously unmodeled productivity wedge that weakens the effective utilization of human capital without necessarily reducing human capital investment. Using harmonized microdata from multiple waves of the European Social Survey, we document a strong and robust negative association between occupational burnout and household income position across countries. While participation in training and skill formation is positively associated with income, its returns are significantly attenuated under high burnout conditions. In this context, income efficiency refers to the effectiveness with which human capital is translated into income, and we show that burnout introduces a productivity wedge that distorts the mapping from skills to earnings. By integrating psychosocial working conditions into the growth–income nexus, the paper highlights a macroeconomically relevant source of efficiency loss that contributes to lower effective labor productivity, slower income growth, and persistent inequality. Ignoring burnout risks overstating the growth payoffs of human capital policies.

Artificial Intelligence and Workplace Misconduct

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Keywords: Artificial Intelligence, Workplace Misconduct, Causal Inference, Firm-Level Analysis

JEL: D20, G30, J53, L20, M54, O33

Abstract

This paper studies the impact of artificial intelligence (AI) adoption on workplace misconduct. Using regression analysis and quasi-natural experiment around the open-source launch of Google Brain's TensorFlow machine learning toolkit, we find that firms with higher AI intensity experience significant and persistent declines in workplace violations and penalty amounts. The effects operate primarily through productivity-enhancing complementarities and discretionary expenses increases, while labor-adjustment channels play no role. Benefits are concentrated among larger, intangible- and organizational-capital intensive firms, which highlights uneven gains from AI adoption and suggests that AI may widen compliance inequality among firms

Structural Change, Territorial Reallocation, and Efficiency Gains: A Three-Level Labour Productivity Decomposition across EU Regions

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Keywords: labour productivity, structural change, EU regions, spatial reallocation, efficiency

JEL: O47, R11, O52, C23, R58

Abstract

Labour productivity growth in the European Union reflects a complex interplay of structural transformation, spatial reallocation, and within-sector efficiency gains. Yet existing decomposition frameworks — most notably Peneder's (2003) sectoral approach — capture only one of these dimensions, leaving the regional and cross-country channels empirically unaccounted for. This paper proposes a novel three-dimensional decomposition of aggregate labour productivity growth that simultaneously identifies within-sector, between-sector, between-region, and between-country effects, together with their cross-dimensional interaction terms. We formally prove the additivity of the framework and demonstrate that existing approaches emerge as restricted special cases. Applying this decomposition to EU27 NUTS 2 regional data across fifteen years, we document substantial heterogeneity in the dominant drivers of productivity growth across regions and development stages. A complementary regression framework is then employed to assess the relative contribution of each channel to observed productivity growth, conditioning on structural characteristics including initial productivity gaps, sectoral composition, institutional quality, and EU cohesion fund intensity. Results reveal that structural change dominates in less developed regions, while within-sector efficiency gains prevail at the productivity frontier. These findings carry direct implications for the design of place-based industrial and cohesion policies across the EU.

Regional Production Frontiers and Human Capital Heterogeneity in Europe

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Keywords: Regional frontiers; Human capital composition; Technological efficiency; Data envelopment analysis; Order-α frontier; Regional productivity; European regions

JEL: C14, C61, O30, O40, R11, R12

Abstract

This paper examines how human capital heterogeneity shapes regional production frontiers in Europe. Using an annual balanced panel of NUTS2 regions over the period 2003–2024, we analyze the joint roles of education and time in determining regional production possibilities, technological change, and convergence. Output is measured by real gross value added, while inputs consist of employment and the capital stock. Human capital is proxied by educational attainment of the population aged 25–64 and decomposed into low (ISCED 0–2), medium (ISCED 3–4), and high (ISCED 5–8) education levels. Methodologically, the paper combines nonparametric full frontier and partial frontier techniques within a conditional framework. Data envelopment analysis under constant and variable returns to scale captures movements of the best-practice production frontier associated with technological change, while order-α methods identify technological catching-up. Both frontiers are estimated conditionally on time and education, allowing the attainable technology to vary smoothly across educational environments and over time. The results reveal distinct roles of education levels. High education is strongly associated with outward shifts of the production frontier, indicating its importance for innovation and technological change. Medium education mainly supports technological catching-up through diffusion and adaptation, while low education is linked to weaker frontier dynamics. Country-specific analyses for Germany, France, Italy, and Spain confirm the robustness of these findings. The results highlight the importance of accounting for human capital heterogeneity when analyzing regional production frontiers and convergence processes.

Session B4: Financial Markets, Risk and Crypto Assets

Moderator: Jamel Saadaoui

Looking for Risk: Asset Pricing Bounds and the Wealth Share

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Keywords: Equity Premium; VIX/SVIX; Heterogenous Agents; Macro-Finance

JEL: G12, E44, G13, E32

Abstract

We consider a canonical asset-pricing framework allowing for an imperfect correlation between valuations and returns and analytically characterize the expected equity premium (ERP), together with a SVIX-based lower bound and an upper bound governed by the volatility of valuations. Higher risk premia can arise from changes in the alignment and relative volatility of returns and valuations without being reflected in elevated option-implied volatility. We map this framework to two economies where the ERP rises by about 1 p.p. but the corresponding rise in SVIX is negligible (<10 b.p.): i) an economy with equity and non-equity holders where the profit share rises from 11.5% to 19.2%, consistent with the data, ii) a representative agent model with disaster risk where the probability rises by 1.4 p.p.

Investors vs gamblers: demographics and attitudes of cryptocurrency holders

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Keywords: cryptocurrency investment, portfolio choice, investment intentions, investor psychology

JEL: G11; G41; G53; D14; D81

Abstract

We present evidence from a large-scale, nationally representative survey that identifies cryptocurrency holders within the general population and systematically compares them to non-holders. This design allows us to study the determinants of participation in the cryptocurrency market with an appropriate counterfactual- the broader population from which holders are drawn- extending prior research that has primarily examined cryptocurrency users in isolation. Our central contribution is to identify which characteristics predict being a cryptocurrency holder, and which characteristics predict intention or reluctance to invest among non-holders. Our survey includes a rich battery of measures capturing socio-demographic characteristics, economic outcomes, and beliefs about cryptocurrencies, alongside incentivised experimental economics tasks assessing key behavioural traits such as risk tolerance and time preferences. We further contrast cryptocurrency holders with investors active in other asset markets but not in cryptocurrencies. Importantly, our analysis goes beyond current ownership: among non-holders, we investigate the determinants of intending versus not intending to hold cryptocurrency in the future. This dual focus enables us to map both the current profile of crypto investors and the characteristics of potential future entrants, providing a comprehensive behavioural portrait of crypto engagement. The results offer novel insights into how cryptocurrency holders differ from both the general population and other investor groups, and shed light on the behavioural and belief profiles associated with participation in this emerging financial market.

Cryptokurtosis: Frequent trading fuels higher losses

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Keywords: Block chain, Cryptocurrencies, Finite moments, Risk management, Ultra-high frequency trading.

JEL: C40, C54, F30, G10, G15, G17

Abstract

We assess the impact of cryptocurrencies ultra-high frequency trading on financial stability. Focusing on two well-established cryptocurrencies, namely Bitcoin and Sui, we show that as the trading frequency increases, so do the excess potential losses of the investors, over and above the anticipated losses based on the Value-at-Risk. This is led by the exponential growth of the kurtosis that is exhibited at high-frequency trading. Given that currently the minimum capital

requirements do not differentiate between the trading frequency but only between the type of cryptoassets groups, we show that such overlook poses a threat to the financial stability.

Investment-at-Risk of Geopolitical Tensions

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Keywords: Geopolitical Risk, Investment, Quantile Regressions, Local Projections

JEL: A10, B20, C30

Abstract

Using quantile regressions and US data, this paper demonstrates that geopolitical risk is a significant predictor of downside investment risk. It significantly lowers the left tail of the future investment growth distribution, while leaving the median and upper tail largely unaffected. We further document that periods of elevated geopolitical tensions are marked by increased uncertainty and a pronounced leftward skewness in the distribution, amplifying the likelihood of extremely adverse investment outcomes. Complementary structural analysis using local projections confirms that GPR shocks exert disproportionately large and persistent effects on the downside, underscoring their relevance as a key driver of tail risks in investment dynamics.

Session C4: Fiscal Multipliers, Consolidation and Debt

Moderator: Plutarchos Sakellaris

Financial Constraints and State-Dependent Regional Fiscal Multipliers: Evidence from Greece

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Keywords: Financial Constraints, Regional Fiscal Multipliers

JEL: R53, H30, E32

Abstract

We study a dynamic general equilibrium economy with a continuum of regions and incomplete markets in which households face occasionally binding borrowing constraints. The central mechanism is that the incidence of binding constraints varies over the business cycle, generating state-dependent regional fiscal multipliers. In particular, fiscal transfers have larger effects in recessions, when more households are constrained and exhibit high marginal propensities to consume (MPCs), and smaller effects in recoveries, when fewer households are constrained and households smooth consumption intertemporally. Please note that this is a Draft paper, since the public sector permission for acquaring the datasets regarding the empirical part was delayed and the datasets are in printed version. However, we alreday gathering and processing the data and we will definately be ready soon enough for the Conference, in case this submission is accepted.

Distributional aspects of fiscal consolidation: the case of Greece 2010-2018

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Keywords: Greek crisis, fiscal consolidation, income distribution, social spending, microsimulation
JEL: E62, D30, D31

Abstract

The paper provides a comprehensive analysis of the fiscal consolidation in Greece during the period of economic adjustment programs 2010-2018, focusing on the distributional impact of the policies adopted. The approach followed is based on the identification of discretionary changes in fiscal policy throughout this period, while the distributional analysis of the measures adopted in the context of the consolidation is performed through micro-simulations using the EUROMOD tax-benefits model. Results of the analysis show shifting patterns of the adjustment's distributional impact that are broadly in line with the empirical findings about the effect of expenditure-based versus revenue-based consolidations, as well as about the importance of social spending in containing the adverse effects of consolidation on income distribution. The analysis covers an entire consolidation episode of exceptional size and duration, leading to significant insights on the distributional impact of specific types of fiscal interventions and discretionary policy shifts. At the same time, the paper provides with granular information on the totality of discretionary measures implemented during the adjustment.

Regional Public Investment Multipliers

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Keywords: local projections; EU regions; state dependence; investment multiplier
JEL: C23; H54; O40; R11; R12

Abstract

This paper estimates regional public investment multipliers using a new dataset covering EU NUTS2 regions from 1995 to 2023. Exploiting regional variation in public investment, the authors find a cumulative multiplier of around 2, meaning that each euro of public investment increases regional output by about two euros. They use instrumental variable techniques, including Bartik-type instruments and a policy-rule-based approach, to identify the exogenous component of investment. The analysis applies advanced panel local projection methods that account for unobserved common shocks (such as the financial crisis, the sovereign debt crisis, the pandemic, and geopolitical events). The results show significant heterogeneity depending on regions' initial capital stock and economic conditions, and robustness checks confirm the strength of the findings.

Policy-supported Debt, Capital Structure, and Aggregate Productivity

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Keywords: Policy-supported debt, Capital structure, Financial frictions, Aggregate productivity.

JEL: G30, E23, D24.

Abstract

This paper studies the impact of policy-supported debt in Europe on aggregate total factor productivity (TFP) through a capital structure channel. We develop a model in which firm productivity depends on exogenous technical efficiency and endogenous capital structure (leverage), while frictions arise from differences in the costs of debt and equity across firms. These frictions generate firm-level productivity losses due to suboptimal capital structure and capital misallocation. Policy-supported debt maps to an implicit debt advantage in the model. Using data on 1 million firms, we find that the policy increases firm leverage by 2.4% on average. We estimate an inverse-U-shaped relationship between productivity and leverage. Combining the policy-induced change in leverage with the estimated productivity–leverage relationship, we find that the policy reduces aggregate TFP by 0.4–0.7%. Overall, the policy accounts for 9–10% of the aggregate TFP losses attributed to capital structure distortions among the treated firms.

Session D4: Gender, Work and Consumer Choices

Moderator: Sebastian Stępień

Gender in Emergency Medical Services

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Keywords: gender diversity, emergency services, team performance

JEL: I11, I18, J17

Abstract

Paramedics make high-stakes decisions in medical emergencies. This paper studies whether such decisions depend on the gender composition of paramedic teams. Using data on emergency calls in Austria, we exploit the quasi-random assignment of teams to emergencies. We find that teams with female paramedics are 0.5 to 1.7 percentage points less likely to hospitalize patients. These differences are driven by paramedics' decisions rather than patient preferences. Importantly, lower hospitalization rates have no adverse effects on outcomes of non-hospitalized patients. Female teams spend similar time with patients, gather more detailed medical histories, and do not increase the risk of subsequent emergencies.

Do Workers Value Formal Jobs? A Discrete Choice Experiment in Mexico

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Keywords: Labor Markets, Informality, Employment

JEL: J0, O1

Abstract

To answer the long-standing question about whether workers value formal jobs, we use a discrete-choice experiment (DCE) and estimate individuals' willingness to pay (WTP) for social security coverage, the defining characteristic of labor formality in Mexico. We find that, on average, individuals value social security at approximately 24% of monthly earnings. Workers who have this attribute in their actual job have a higher valuation for it than those who do not. We also estimate the WTP for other job attributes that are correlated with social security coverage, like total work hours and schedule flexibility, contract duration, commuting time, and autonomy. Our heterogeneity analysis shows that informal workers value autonomy more and require higher compensation for rigid schedules than their formal counterparts; women need substantial compensation for working full time, particularly when faced with a fixed schedule, whereas men do not. Combining our WTP estimates with the participants' actual job characteristics, we estimate that between one-fourth and one-third of informal workers participate in this sector voluntarily. These results favor a more critical view of informality, in which market failures and barriers to entry explain its persistence in Mexico.

Is Affirmative Action the Answer? Shrinking the STEM Gender Gap in higher Education

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Keywords: Gender Quotas, STEM, Higher Education, Academic Outcomes
JEL: I23, I24, I25, J16, O15

Abstract

This paper analyze a gender-based affirmative action policy implemented in 2020 for STEM programs at Uganda's largest public university. Pushing more women in STEM majors by relaxing the admission criterion may lead to a potential mismatch. Improved gender balance, on the other hand, can generate positive peer effects for the entire cohort, especially women. Linking different administrative datasets on student's applications, admissions and college academic performance, we empirically assess the effects of the policy induced changes in gender composition, on students' higher education outcomes. We first establish that the policy successfully increased women's access to STEM majors, resulting in a 9-percentage-point rise in female enrollment in traditionally male-dominated fields. We document that women (men) entering treated majors after the policy have, on average, lower (higher) high school test scores than their counterparts in untreated majors. Despite this, the policy led to improved college GPA and reduced the likelihood of failing courses in the first year for both men and women in the treated majors. Even among the top high school applicants whose admission status were not affected by the policy, we find that both men and women in treated majors experienced significant GPA improvements. Women's GPA rose by 0.45 SD, compared to a 0.25 SD increase for men. Our results suggest that increased gender diversity, brought by the policy, had positive spillover effects beyond its direct impact on enrollment.

The position of young consumers in the food market in the context of short supply chains development – research on students from Poland and Romania

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Keywords: food market, short supply chains, young consumers, Poland, Romania
JEL: D12, Q1, Q13, Q18

Abstract

Short food supply chains (SFSCs) are currently seen as a crucial element in the transformation of food systems towards greater economic, social, and environmental efficiency. Their efficient functioning requires the compatible actions of food producers and consumers, which requires an understanding of the functioning of these two links. While the supply side of short selling has been well-recognized, the demand aspect of short selling has been less explored. A literature sources analysis confirms the authors' belief that not all issues have been studied and that there is a research gap worthy of further investigation. This includes the problem of so-called convenience-oriented and value-driven consumers in reference to SFSCs and digitalization and logistics innovations of short selling. Therefore, the aim of this study is to examine buyers' attitudes towards food purchases and to determine their willingness to participate in SFSCs. In particular, it aims to determine the extent to which convenience-seeking consumers are willing to participate in SFSCs and whether digital and logistics innovations can increase this group's participation in short-selling systems. To achieve this goal, a survey was conducted on a group of young consumers – students – who are considered to be more knowledgeable and aware of issues related to the food market and make purchasing decisions based on these criteria. The study was conducted using the CAWI method between November 2025 and January 2026 among 410 individuals – 190 in Poland and 220 in Romania. The results were interpreted using descriptive statistics, interdependence testing (Chi-square test and Kendall's Tau-b test), and significance testing for differences between convenience-oriented and value-driven consumers (Kruskal-Wallis test and Dunn test). Theories of willingness to pay and willingness to accept were also applied. A graphical presentation of the data complements the results.

Parallel Sessions 5: 12:00-13:40

Session A5: Education, Skills and Intergenerational Transmission

Moderator: Enkelejda Havari

From Mothers to Children: Intergenerational Returns to Education

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Keywords: Maternal education, early child development, regression discontinuity, compulsory schooling reform, intergenerational effects

JEL: I12, I21, I26, I28, J13

Abstract

This study examines the intergenerational effects of maternal education on early childhood development using the 1997 Turkish Compulsory Schooling Law in a regression discontinuity framework. Drawing on the 2018 Turkey Demographic and Health Survey, it evaluates how policy-induced increases in maternal schooling affect children's sociocognitive and physical development. Results show significant improvements in children's ability to follow directions, interact with peers, and in physical outcomes, including higher birth weight, reduced stunting, and better anthropometric measures. Benefits vary by maternal background: sociocognitive gains are concentrated among children of rural-origin mothers, while physical improvements are stronger for children of urban-origin mothers. Effects are amplified when maternal grandmothers are educated, highlighting intergenerational complementarities. The mechanisms appear to operate primarily through improvements in maternal health behaviors and knowledge—such as earlier and higher-quality prenatal care and greater exposure to informational resources—and through enhanced parenting practices, particularly substantial reductions in child neglect and more attentive supervision.

Religious-Based Discrimination in the Classroom: Evidence from Blind and Non-Blind Assessments

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Keywords: religious bias, randomized allocation, first names, culture

JEL: I21, I26, J24

Abstract

There is increasing evidence that religious beliefs influence individual behavior. This paper studies how religion-based attitudes of teachers affect student scholastic outcomes. We use data from a representative sample of high schools in Greece and build on established evidence showing that religious families are more likely to choose religious names for their children. We proceed in two steps. First, we develop a novel measure of religiosity-based bias in grading by using information on student first names and a combination of blind and non-blind exams. We define a class-level teacher bias measure, calculated as the difference between non-blind and blind exam scores for students with religious and secular first names, who belong to the same ethno-religious group. In the second step, we examine the impact of this teacher religiosity-based bias on student outcomes. For this, we rely on the random assignment of students and teachers to classrooms. Our findings indicate the presence of religiosity-based bias; that is, religious students obtain on average a non-blind score that is 3% of a SD larger than the blind score and is not influenced by other student characteristics that may correlate with religiosity. We find substantial effects of these teacher religiosity-based biases on students' high school diploma grade, university admission exams, postsecondary applications and quality of enrolled university degree. In particular, teachers with a pro-religious bias positively influence the outcomes of religious students but negatively impact those of secular students, while pro-secular teachers have the opposite effect. These findings suggest that religion is a different dimension individuals may discriminate against or in favor of, potentially influencing academic evaluations in ways that affect sorting into university degrees and occupations.

Special Economic Zones, Special Learning Gains? Evaluating Education Impacts in India

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Keywords: special economic zones, Educational Outcomes, Causal Inference
JEL: I25,R58,J24

Abstract

Special Economic Zones (SEZs) are increasingly promoted as engines of growth and development in many developing countries,yet little is known about their broader spillover effects on human capital formation. This paper employs a staggered difference-in-differences design to examine the impact of SEZ establishment in India between 2007 and 2018 on student outcomes.The findings indicate that SEZs contributed to a reduction in dropout rates among high school-aged children,while no significant effects were observed for primary or middle school-aged children.Furthermore,SEZs had a modest but positive impact on reading proficiency at the primary level,although no effects were noted on mathematics achievement.Importantly, the gains were concentrated among children attending public schools, suggesting that students from lower socio-economic backgrounds ben1 efitted disproportionately.Analysis of potential mechanisms reveals limited evidence of improvements in school quality, pointing instead to alternative channels through which SEZs may influence educational outcomes. These findings highlight the need for complementary policies that leverage SEZ-led growth to directly strengthen educational infrastructure and ensure equitable learning gains.

Born Here, Raised There: Regional Mobility and Intergenerational Transmission of Education in Europe

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Keywords: regional mobility, intergenerational transmission, regional disparities, inequality of opportunity in Europe.
JEL: J62, I24, J24, R23

Abstract

The effects of regional mobility during childhood on educational attainment and its transmission across generations remain understudied in Europe. Using micro-level data on three linked generations from the Survey of Health, Ageing and Retirement in Europe (SHARE), we track moves across European regions linked to historical GDP per capita at the regional level. For the parents' generation (G2), born between 1920–1950, moving to a better region before age 18 is associated with gains of up to 0.85 years of schooling. Conversely, for the children's generation (G3), born between 1960–1980, it is associated with a reduction of roughly 0.6 years of education, except when parents have tertiary education, in which case moving becomes beneficial. To achieve causality, we also adopt a sibling comparison strategy exploiting variation in the age of move and length of exposure which nets out all unobserved parental characteristics. We find that an additional year in a better region raises educational attainment by about 0.03 years. Overall we find evidence of a generational reversal indicating growing stratification by family background.

Session B5: Macroeconomic Uncertainty and Stabilization

Moderator: Marco Airaudo

Uncertain and Asymmetric Forecasts

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Keywords: Uncertainty, Asymmetry, Monetary Policy

JEL: D81, D84, E31, E37, E43, E52

Abstract

This paper develops distribution-based measures that extract policy-relevant information from subjective probability distributions beyond point forecasts. We introduce two complementary indicators that exploit higher-order moments of beliefs. First, a Normalized Uncertainty (NU) measure applies a variance-stabilizing, anchor-centered transformation that removes first-moment effects mechanically induced by deviations of expectations from policy-relevant reference points. This normalization yields an uncertainty indicator that is nonlinearly related to raw dispersion, largely orthogonal to levels, and purged of regime-driven components. Empirically, when applied to inflation, NU behaves as a state variable: it shapes the transmission of monetary-policy shocks, captures perceived de-anchoring without conflating uncertainty with the level of inflation, and weakens and delays pass-through to credit conditions. In contrast, raw dispersion embeds first-moment effects that mechanically co-move with policy tightening in high-inflation regimes. Second, an Asymmetry Coherence indicator combines the median and skewness of subjective distributions to identify coherent directional tail risks. Directional asymmetry is largely orthogonal to uncertainty and is reflected primarily in monetary-policy responses rather than real activity. Overall, the results show that properly normalized uncertainty governs state-dependent transmission, while distributional asymmetries convey distinct and complementary information about macroeconomic risks.

Operationalizing the Quantity Theory of Money with a Bayesian Time-Varying Cointegration-Space Model

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Keywords: quantity theory of money, money demand, monetary economics, inflation, time-varying parameters model, cointegration
JEL: E31, E37, E41, E51, C22

Abstract

In the first part of the investigation, we analyze the dynamics of the velocity of money in the United States by utilizing Divisia monetary aggregates within the framework of the quantity theory of money. We estimate the long-run relationship implied by the theory while allowing for time-varying velocity and short-run dynamics using a Bayesian error-correction mechanism. These dynamics are modeled using a Markov-switching vector error-correction framework as well as a specification that permits the cointegrating space to evolve over time in a manner comparable to a random walk (TVP-VEC). In the second part of the investigation, we use these results to estimate money demand. We examine how money demand responds to the term structure of interest rates, income and wealth, expected inflation, stock market returns, the exchange rate, and the uncertainty surrounding these determinants. Finally, in line with the quantity theory of money, we employ imbalances between money demand and money supply to predict inflation up to two years ahead. We find that the velocity of money is relatively stable, exhibiting an upward trend until the late 1990s and stabilizing thereafter. In line with theory, velocity declines during the Global Financial Crisis and, even more markedly, during the COVID-19 pandemic, consistent with the money-hoarding hypothesis. The results demonstrate that the use of Divisia monetary aggregates and an estimation strategy based on a TVP-VEC model does not produce the “missing money” problem documented in the literature. Money demand is stable and is overwhelmingly determined by the level of income and the structure of interest rates. Finally, imbalances between money demand and money supply—particularly for the Divisia M3 aggregate—successfully predict inflation spikes in the 1970s and the 2020s.

Agreed and disagreed uncertainty and real economic activity: the case of Europe

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Keywords: Uncertainty, disagreement, vector autoregression

JEL: D84, E20, E32, C22

Abstract

In this paper, following Gambetti et al. (2025), we account for both disagreement among consumers regarding economic activity (DISAGR) and uncertainty to estimate the effect of uncertainty on economic activity in Europe. Considering monthly data over the period 2000-2020, as well as economic policy uncertainty (EPU), industrial production index (IPI, in logarithmic form), and inflation (INF), we estimate a VAR and compute 12-month-ahead IRFs (Cholesky decomposition and generalised). A positive uncertainty shock leads to a decrease in our disagreement uncertainty index, whereas a positive shock to disagreement leads to an increase in industrial production and a short-living decrease in inflation. We also investigate the relationship between uncertainty and recessions. Estimating a linear probability model, we regress a recession binary variable on EPU, DISAGR, their interaction term, and as additional controls we include two lagged values of IPI growth and INF. Our findings show that EPU is positively correlated with recessions with high significance, while disagreement has a negative effect on recessions on average. The interaction term is negative and statistically significant reducing the significance of DISAGR while the effect of EPU remains highly statistically significant. In general, these results support the US findings and seem to indicate that disagreed uncertainty does not have negative real effects. Hence, the negative uncertainty effects on real economic activity are sensitive to the level of disagreement among consumers regarding the future level of economic activity.

Inflation Stabilization with Subsistence Constraints

Marco Airaudo

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Keywords: Monetary Policy, Structural Transformation, Inflation Targeting

JEL: E32, E52, E58

Abstract

This paper studies optimal monetary policy in a two-sector New Keynesian model with subsistence food consumption and imperfect labor mobility across sectors. These features, relevant for developing economies, alter the welfare weights on sectoral inflation and create a wedge between natural and welfare-relevant output. Using a second-order approximation to aggregate welfare, the paper characterizes the resulting policy trade-offs. Limited labor mobility breaks the divine coincidence: optimal policy cannot fully stabilize both core inflation and the welfare-relevant output gap. Food-sector productivity shocks therefore generate a trade-o¤ between inflation and output stabilization. As economies develop and the steady-state share of food consumption declines, this trade-o¤ becomes quantitatively smaller, and full core inflation stabilization emerges as approximately optimal. The paper also studies implementable interest rate rules. CPI-based Taylor rules perform poorly, increasing equilibrium indeterminacy and reducing welfare. In contrast, a rule responding to core inflation and the relative price of food ensures determinacy and can closely approximate optimal policy, with the optimal response to food prices declining with economic development and labor mobility.

Session C5: Environment, Energy and Local Outcomes

Moderator: Martin Falk

No Point Crying Over Spilled Oil: Impact of Crude Oil Spills on Out-Migration in Nigeria

Bhavya Srivastava

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Keywords: Migration; Agriculture and Environment; Environment and Development

JEL: O15; Q15; Q56

Abstract

I study adaptation measures adopted by households in the face of land pollution shocks. Nigeria has experienced over 18,000 crude oil spills in its 50-year history of oil production and supply. These spills are associated with land, surface water, and groundwater pollution. I use a staggered difference-in-differences framework to find that exposure to crude oil spill shocks increases the likelihood of out-migration by 2.07 percentage points. A sub-group analysis helps me investigate the causal mechanism driving my results. I find that oil spills are linked to migration only for those who resided in households that practiced agriculture at baseline. They report fewer hours worked in cultivation after exposure to oil spills. Weak evidence suggests that rural household members migrate to urban areas as a consequence of oil spill exposures, indicating a substitution away from their farms for better work or education opportunities elsewhere. Reported short-term migration responses to oil spill exposure are often marriage-related, while longer-term migrations are reportedly driven by work and education pursuits, predominantly among female members. Thus, persistent exposure to land pollution shocks can prompt agriculture-dependent households to resort to out-migration as a coping strategy.

The price of beauty: Biodiversity effects on residential housing markets

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Keywords: biodiversity, risk, house prices, remote sensing

JEL: R31, Q57, R52

Abstract

We study how and why local biodiversity affects residential property values. Leveraging remotely sensed greenness indicators and a novel dataset of granular property listings, we examine how changes in vegetation load on real estate prices. Hikes in greenness are associated with higher listing prices, fewer properties listed, and reduced liquidity in housing markets. These results suggest that price hikes in housing markets are driven by supply-side constraints instead of a “greenium” that buyers might be willing to pay due to innate preferences. Exogenous zoning shocks to foster biodiversity corroborate the presence of supply side constraints as price drivers in residential housing markets. Our findings emphasize the need to calibrate biodiversity and (social) housing policy objectives more explicitly.

Does Warm Weather Cool Voters Down? How Temperature Shocks Impact Climate Concerns, Voting, and Policy Preferences

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Keywords: Preference formation, environmental policies, policy support, voting, climate anxiety, global warming, populism
JEL: D72; D83; H23; H31; Q58

Abstract

We explore how regional temperature variations in OECD countries affect political behavior, climate anxiety, economic concerns over green policies, and support for climate adaptation compensation. Using individual-level survey data and election results, we show that exposure to higher temperatures reduces support for extreme/populist parties, and increases climate concerns and backing for parties with green agendas. Effects are driven by older voters' heightened climate and economic cost concerns: this group becomes "greener" but simultaneously demands policies designed to mitigate these costs. Our results suggest that achieving widespread climate policy support requires parties to jointly advocate for green agendas and targeted compensation.

Cultural World Heritage Management mainly indifferent to Renewable Energy Facilities

Martin Falk

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Keywords: Perceptions, renewable energy facilities, Cultural World Heritage Sites, Bivariate probit model

JEL: Q2, Q56, q57, Z10

Abstract

This study examines the perspectives of European World Heritage Site managers on renewable energy facilities. The determinants of positive and negative assessments are estimated using a two-equation (bivariate) probit model, in which the error terms are allowed to be correlated. Data for the analysis originate from the UNESCO Periodic Report III, 2024, which includes responses from 371 site managers in Europe. Half of managers do not consider renewable energy relevant to their site. One in four managers holds exclusively negative perceptions of renewable energy facilities; 10 per cent hold exclusively positive perceptions; and 13 per cent hold both positive and negative perceptions. The results of the bivariate probit model indicate that the probabilities of positive and negative perceptions are significantly correlated. The management of Cultural World Heritage Sites in the United Kingdom is significantly more likely to hold positive perceptions, whereas sites in Greece and France exhibit the opposite. Cultural cities are also more likely to be positive than other kinds of sites. The discussion of renewable energy sources primarily centres on solar photovoltaic systems, followed by wind power projects, and, to a limited extent, hydropower. Other renewable energy facilities, such as geothermal systems, are rarely mentioned.

Session D5: Identity, Preferences and Social Behavior

Moderator: Mariko Klasing

Religion, Identity, and Preferences

George Melios

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Keywords: Religion, Identity, Political Preferences, Social Norms, Group Behavior, Secularization

JEL: D02, D72, Z12

Abstract

This paper examines the causal effect of Catholic identification on political preferences, gender norms, and group behavior. Using clergy abuse scandals as exogenous variation in Catholicism, we analyze data from millions of U.S. college freshmen and county-level voting records. We find that de-identification with the Catholic church leads to more progressive views on social issues and gender norms, but more conservative stances on healthcare and military spending. Overall, secularization causes a leftward shift in political orientation. Catholic de-identification also reduces engagement in other group activities. As individuals disaffiliate from Catholicism, they increasingly identify with their social class, polarizing economic preferences between income groups.

Dynamic Identity and Dynamic Ethnosizing

Ruzica Savcic

Postdoc Researcher and Special Scientist Teaching, University of Salerno and University of Cyprus. E-mail: rsavcic@yahoo.com

Keywords: Immigrant integration; ethnic identity; acculturation dynamics; Ethnosizer; panel data; reverse integration

JEL: D91; F22; J15; Z13

Abstract

While immigrant integration is often viewed as a static outcome, identities are in fact dynamic and evolve over time. Using rich panel data from the German SOEP (2010–2019), we transform the Ethnosizer (Constant et al., 2009) from a cross-sectional measure into a dynamic tool that tracks how cultural orientations shift across periods. Methodologically, we combine dynamic panel models (System GMM) with a structural correlated random-effects logit approach, allowing us to estimate both state dependence and transition probabilities between integration states. Our results show that attachments to host and origin cultures are highly persistent once formed—yet they are not irreversible. Transitions do occur, sometimes resulting in "reverse integration," where identification with the host culture weakens rather than strengthens. These findings demonstrate that integration is not a final destination, but a path-dependent process shaped by persistence, contextual shocks, and individual experiences. We complement the empirical analysis with a theoretical model that explains the mechanisms behind identity revision and reverse integration.

The Short- and Long-Run Impact of Comparative Noncognitive Skills

Sofoklis Goulas

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Keywords: Noncognitive skills, ordinal rank, peer effects, STEM, gender gap

JEL: I21, I24, J24, J16

Abstract

This study exploits quasi-random classroom assignment to identify the causal impact of comparative noncognitive skills on short- and longer-term educational outcomes. Comparative noncognitive skills or comparative disengagement is proxied by students' within-grade 10 classroom rank in grade 9 unexcused absences. We find persistent and nonlinear effects on academic performance in Greek Language and Mathematics, engagement, and study choices: A worsening in comparative disengagement reduces achievement across grades and predicts subsequent disengagement for both genders, but behavioral and extensive-margin responses are significantly larger for boys, including sharper increases in absences, higher dropout risk, lower national-exam participation, and stronger sorting into vocational education. In contrast, comparative disengagement shapes girls' outcomes primarily along intensive and sorting margins, reducing competitive STEM participation and national-exam performance, while exhibiting weaker links to dropout and earnings. For boys, it strongly predicts postsecondary sorting into higher-earning degree programs. Comparative noncognitive skills explain 37 percent of the gender gap in expected salaries after college graduation.

Preparing Kids for Capitalism: The Effect of German Reunification on the Intergenerational Transmission of Preferences

Mariko Klasing

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Keywords: Intergenerational preference transmission, active socialization, German reunification.

JEL: D10, E70, P00, Z10.

Abstract

Empirical research has shown that children and their parents are similar to each other in terms of economic preferences such as patience and risk aversion. What drives this intergenerational correlation in preferences? Theoretical models of cultural transmission emphasize genetic transmission, passive transmission, and active socialization by parents. To assess the relative importance of these channels, we use the natural experiment of German reunification. We argue that genetic channels should act independently of the political regime; passive transmission channels should respond to the greater use of government-provided childcare in East Germany versus parent-provided care in West Germany; and that parents' active socialization efforts should be responsive to the new challenges that moving from a socialist to a capitalist system presents. Comparing the correlations of preferences between parents and children born on both sides of the border before, during, and after reunification suggests that government intervention had little impact on preference transmission. In contrast, both genetic and active transmission channels find strong support.

Parallel Sessions 6: 16:00-17:40

Session A6: International Trade, Sanctions and Export Networks

Moderator: Vaiva Petryle

IP Enforcement Costs, International Trade and Innovation

Ioannis Papadakis

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Keywords: Trade, Innovation, Intellectual Property, Courts, United Kingdom

JEL: F14, O31, O34, O38

Abstract

A central feature of intellectual property rights systems are the institutions that enforce them. We study the effects of a reduction in IP enforcement costs in the UK using a difference-in-differences strategy that leverages the timing of IP court reforms and between product variation in IP litigation intensity. Studying the UK allows us to isolate the effects of IP enforcement from the rights themselves, as developed countries typically have well-established and stable IP rights. To identify whether IP protection primarily benefits producers with improved market access, or through other mechanisms, such as increased innovation returns, we use international trade and R&D/Patent data that include both domestic and foreign exporters. Our analysis using HS6 product-level imports suggests that lower enforcement costs increased UK imports. These effects occurred primarily due to the trade response of existing IP owners, which we show using micro-data linking Chinese exporters with patent data. Lower enforcement costs also increased the returns to innovation, although this primarily effected UK exports.

The Impact of International Economic Sanctions on Emigration

Samuel Kamal Lux

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Keywords: gravity, sanctions, migration

JEL: F22, F50

Abstract

This paper examines the impact of economic sanctions on bilateral migration flows. Using comprehensive sanctions data for 1950–2022 and a novel bilateral migration dataset for 1960–2020, I estimate gravity models of migration outflows and migration rates. To address endogeneity concerns, political distance between sender and target countries—measured using UN General Assembly ideal points—is considered as a potential instrument for sanctions. The preliminary results show that sanctions significantly reduce migration from target to sender countries, with bilateral migration rates declining by 14–43 percent following sanction imposition. The effects are heterogeneous across sanction types: trade sanctions reduce migration, whereas arms- and military-related sanctions increase migration. Sanctions significantly reduce immigration into OECD countries but have no robust effect for non-OECD destinations.

Trade Uncertainty and Bilateral Trade Balances

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Keywords: Trade Uncertainty, Bilateral Trade Balance, Gravity Models

JEL: F14, F62, C32

Abstract

In recent years, rising trade tensions have heightened global trade uncertainty. This paper investigates whether trade uncertainty deteriorates bilateral trade balances distinguishing between exporter-side and importer-side trade policy uncertainty shocks and examining differences in trade uncertainty between trading partners. Using novel trade-uncertainty data from 135 countries for 1996–2019 and dynamic gravity models, we find that trade-uncertainty shocks negatively affect bilateral trade balances. Exporter-side uncertainty has an immediate negative impact on the trade balance, while importer-side uncertainty has an immediate positive effect. Moreover, higher relative exporter-side trade uncertainty, compared with the trading partner, yields negative medium-term effects. The results vary depending on countries' economic and political characteristics and on partner-specific factors. Notably, the effects are larger in countries more open to trade and between trading partners that are more politically distant and have less flexible bilateral exchange rates.

Building a new export network: Evidence from the Eastern Europe

Vaiva Petryle
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Keywords: trade, international trade, trade networks, network formation, extensive trade margin
JEL: F14, D85

Abstract

In this paper we combine the gravity modelling and the theory of the economics of networks and empirically analyze the formation of the export network of the Eastern European countries. The analysis builds on a natural experiment of the collapse of a Soviet bloc when a number of Eastern European countries freely entered the international trade market. We investigate which factors were the most important in the spread of their export network, how the influence of these factors changed throughout the years and if this influence differed for different country groups. Our results suggest that during the earliest years of the opening to the foreign trade the cultural and language factors were the most significant. In later years, we see the domination of the economic factors as well as the increase of clustering of the destination markets.

Session B6: ESG, Green Taxation and Sustainable Finance

Moderator: Anil Kucukgode

Natural Hazards and Financial Activity: Evidence from Solar Storms Impact on BTC Mining

Arsenios – Georgios Prelorentzos

Researcher, Foundation for Economic and Industrial Research (IOBE). E-mail: Oral presentation

Keywords: Digital Finance, Bitcoin, AI, Artificial Neural Networks, Solar Storms

JEL: C22; C50; C51; C58

Abstract

Digitalization of finance has rapidly transformed the global financial system by introducing new complex technologies. As digital finance grows more interconnected, we show in this work that solar geomagnetic storms, i.e., an exogenous space-weather shock, pose a systemic risk comparable to climate transition pressures, with measurable consequences for Bitcoin (BTC) mining. BTC mining, an energy intensive process reliant on stable electricity and continuous network connectivity, faces increasing risks from solar storms, i.e., geomagnetic disturbances, capable of disrupting power grids and digital infrastructure. This study introduces a novel stepby- step ANN based causality test, leveraging Artificial Neural Networks (ANNs) to examine the nonlinear and dynamic causal relationship between solar storms and BTC mining activity. In this context, we formally establish consistency, asymptotic normality and other useful properties of the proposed ANN estimator. Using daily data from 09/2014 to 01/2023, our multi-horizon analysis identifies statistically significant short-, medium-, and long-term effects, revealing that severe solar storms immediately destabilize networks, delaying transaction confirmations and reducing BTC activity. Furthermore, we quantify the economic significance of these disruptions. During 2015 alone, geomagnetic storms were associated with a cumulative reduction of nearly 3 million BTC in trading activity, equivalent to an estimated value of around 883 million. The findings position solar storms as a critical but overlooked risk factor in digital finance, with implications for cryptocurrency market stability, mining infrastructure resilience, and regulatory oversight.

The Effect of Country ESG Performance on Public Debt: Evidence from Europe

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Keywords: ESG Performance, Public Debt, Sustainability, Eurozone
JEL: G11; F34

Abstract

We study whether and how a country's environmental, social, and governance (ESG) performance relates to public debt. We develop an ESG performance index from 17 sustainability indicators retrieved from World Bank. Our assumption is that ESG scores affects debt levels, since sustainability has a significant impact on a country's creditworthiness and, therefore, it is a potential risk factor, along with traditional sovereign risk factors like cost of debt, inflation, and GDP growth. Using a sample of quarterly observations from 20 Eurozone countries over the period 2003-2021, empirical findings indicate that increased performance of ESG score is linked to lower debt to GDP ratio.

When Does ESG Lower Borrowing Costs? A State-Dependent Buffer Against Leverage Risk

Anil Kucukgode

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Keywords: Panel data, ESG, Cost of debt, Leverage

JEL: C51, G32, O16, Q57

Abstract

This paper examines whether credit markets price ESG as a risk-mitigating attribute and whether ESG attenuates the leverage-related risk premium in corporate borrowing costs. Using a global panel of about 3,000 non-financial firms from 2015–2024, we adopt correlated random effects framework that decomposes ESG and leverage into within-firm and between-firm components. We find that firms with higher long-run ESG face lower borrowing costs, and the leverage penalty is significantly weaker when ESG is strong and persistent, consistent with ESG acting as a buffer in debt pricing. Sensitivity analyses indicate that this buffering mechanism is driven mainly by governance-related ESG. Identification for the impact of ESG on cost-of-debt is strengthened with an event-study difference-in-differences analyses around major ESG shocks. However, pooled quantile estimates reveal the state-dependent nature of ESG's buffering impact: ESG's marginal cost-reducing effect is concentrated among low-risk borrowers and weakens in the upper tail, underscoring that ESG complements fundamental credit quality when risk is elevated rather than substitutes for them.

Session C6: Immigration, Refugees and Labor Markets

Moderator: Anastasia Litina

Immigration and the gender wage gap

Mili Mukim (Mallika)

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Keywords: Bartik, gender inequality, wage determination, labour mobility

JEL: J31, J61

Abstract

This paper examines the causal impact of immigration on the gender wage gap (GWG), focusing on Italy, a country characterised by low female employment rates and a sizeable private-sector gender wage gap. Using Italian Labour Force Survey data from 2009 to 2016, we construct province-level measures of the GWG for workers grouped by education and age. To address the endogeneity of immigrant settlement patterns, we adopt a shift-share (Bartik) instrumental variables strategy that exploits historical migrant networks combined with national inflows by country of origin. Our results reveal substantial heterogeneity across skill and age groups. For workers aged 25–50 with a high-school degree, an increase in the immigrant share significantly reduces the gender wage gap, while for university-educated workers immigration is associated with a widening of the gap. Effects for older workers are smaller and less precisely estimated. These findings suggest that immigration reshapes gender wage inequality through multiple channels, highlighting the importance of accounting for heterogeneity when evaluating the distributional consequences of migration

The Costs of Exclusion: Refugee Camps and Local Labour Markets

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Keywords: Refugee crisis, Employment, Earnings, Linked employer-employee data

JEL: F22, J61, L25, R23

Abstract

This paper investigates how exclusionary refugee policies shape local labour market adjustment. Exploiting the localised establishment of refugee camps as a quasi-natural experiment, we use matched employer–employee administrative data and a difference-in-differences event-study design to compare treated and unaffected localities before and after camp placement. Both days worked and labour earnings declined, driven by losses in the accommodation sector. Other sectors showed no sustained gains, as catering was supplied by mainland firms and refugees were confined to camps and barred from working. The findings reveal how restrictive hosting policies condition the local economic effects of refugee inflows.

EU Migration Determinants: A Bayesian Gravity Approach

Iryna Viazmikina

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Keywords: migrations, variable selection, high-dimension panels, gravity, common correlation effects

JEL: F22

Abstract

We apply Bayesian Model Averaging (BMA) to a new dataset of annual bilateral migration stocks covering 19 EU destinations and 99 origins (EU and non-EU) over 2000–2017. Our approach combines cross-sectional, first- difference, and panel BMA with country-pair fixed effects and a Common Correlated Effects transformation to address heterogeneity and multilateral resistance. A robust core of determinants consistently emerges—origin GDP per capita, bilateral trade, population size, age structure, political stability, crime, inequality, distance, common language, and colonial ties. The results underscore Bayesian Model Averaging value for handling model uncertainty and the key role of destination-country characteristics in shaping migration patterns.

Migration and the Transition to Green Economies

George Liontos

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Keywords: immigration, heterogeneous households, climate change DSGE model

JEL: E24, E32, F41, Q43, J61, Q58

Abstract

In light of the existential threats posed by climate change, the EU aims to transform into a modern and resource-efficient economy through the European Green Deal. The influence on euro area macroeconomic dynamics is expected to be structural and prolonged. Key factors include carbon pricing and the mix of fossil and renewable energy. Another crucial challenge relates to labor flows across regional borders, with data indicating growing movements from developing and economically disadvantaged countries to EU members. Greece's strategic location constitutes a significant entry point for asylum seekers (mostly from conflict zones) impacting immigration trends. As a matter of fact, there are multiple channels at play. Let us consider the following two. On the one hand, immigration can contribute to economic growth, thus providing additional resources for climate policy. On the other hand, by increasing population growth it leads to an increase in consumption and thus greenhouse emissions. Therefore, the final outcome is ambiguous. The scope of this project is to assess the interplay between the costs of the green transition (e.g., in terms of inflation, etc.) and immigration in an EU country, such as Greece. To this end, we build a heterogeneous agents Dynamic Stochastic General Equilibrium (DGSE) model of a small open economy (SOE) with a) endogenous supply of green energy and an energy production function comprised of green and brown energy as substitutes, b) immigration, c) price rigidities, and d) lack of monetary policy independence. The domestic supply of brown energy, a fossil fuel type of energy that several economies produce and export, is considered exogenous. Nominal frictions are implemented to examine both the direct effect of the green transition on inflation and its indirect impact via fiscal policy responses. Hence, the proposed model is useful to study the dynamics of macroeconomic aggregates during the green transition, both in the short- and long-run.

Individual Attitudes towards Immigration in Aging Populations

Anastasia Litina

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Keywords: Population Aging, Attitudes, Immigration, Culture

JEL: J1, Z1

Abstract

This study examines how societal aging shapes individual attitudes toward immigration, distinguishing its effects from those of individual aging. While previous research has primarily focused on how an individual's age influences immigration preferences, we demonstrate that the broader demographic structure of society—measured by the old-age dependency ratio (OADR)—plays a distinct and independent role. Our analysis of data from 25 European OECD countries (2002–2019) uncovers a U-shaped relationship between societal aging and immigration attitudes: in younger societies, immigration tends to be viewed more negatively, likely due to labor market concerns and welfare anxieties. However, as societies age beyond a critical threshold, attitudes shift and become more favorable, as the economic necessity of immigration to sustain labor markets and welfare systems becomes more apparent. These findings underscore the need for policymakers to anticipate shifting demographic pressures, as aging societies may increasingly support immigration to mitigate workforce shortages and sustain economic stability

Session D6: Macroeconomics, Monetary Policy and Financial Frictions

Moderator: Kirilll Shakhnov

Fiscal Consolidation and Debt-GDP Stabilization: A Structural Policy Scenario Analysis

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Keywords: dynamic debt equation, fiscal consolidation, deb-GDP stabilization, time-varying VAR, structural VAR analysis, Structural policy analysis.

JEL: C32, C53, H63, H60, H68

Abstract

This paper evaluates the efficiency of fiscal consolidation and debt haircutting/restructuring policies in stabilizing public debt during periods of deep recession. We focus on Greece, which provides a unique setting for assessing whether such policies can deliver meaningful short-run effects. For our evaluation, we conduct counterfactual analysis using a Structural Policy Scenario (SPS) approach, and we rely on a time-varying structural VAR (TV-SVAR) to capture evolving macroeconomic dynamics under crisis conditions. Our results show that austerity-led consolidations implemented during recessions are unlikely to stabilize debt in the short or medium term, due to their contractionary impact on growth and their adverse effects on debt dynamics. By contrast, a milder fiscal adjustment combined with moderate, preemptive debt restructuring at the onset of the crisis could have stabilized the debt-GDP ratio more rapidly while limiting losses in output. Methodologically, combining the TV-SVAR with the SPS framework underscores the importance of accounting for changing macroeconomic conditions and provides a robust tool for evaluating alternative fiscal strategies.

Rethinking the Cleansing Effect of Recessions

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Keywords: firm exit, business cycle, zombie firms, cleansing effect of recessions
JEL: D22; E32; L25; G21

Abstract

Recessions are conventionally considered as times of cleansing as the least productive firms are driven out of the market. In this paper, we use a comprehensive administrative dataset of Portuguese firms over 2004-2023 to study the selection of firms at the exit margin over the business cycle. We find two main results: i) while there is no evidence of cleansing during recessions, the least productive firms tend to exit more during growth slowdowns; ii) low-TFP firms are more likely to become zombies during slowdowns than recessions. We show that low-TFP firms turn into zombie firms rather than exit during recessions. In this respect, the cleansing and the zombie effect of recessions work in opposite directions. While firm selection at the exit margin is stronger during slowdowns and dampened in recessions, the zombie effect among low productivity firms is dampened in slowdown and stronger in recessions. This suggests that low productivity firms survive the recession because of more favorable financing conditions and become zombie rather than exit during recessions. In turn, this provides an explanation for the blurred selection at the exit margin during recessions. These findings help explaining the mixed evidence about the cleansing effect of recessions, that can be rationalized by different transitions into the zombie state in slowdown vs recession. In order to understand why this transition into the zombie state is different in recessions, we build a model of firm dynamics and heterogeneous firms to explain this zombie effect of recessions and quantify the impact of this distorted selection on productivity growth.

Mortgage Premia in the Euro Area

Giulio Nicoletti

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Keywords: Age profile of mortgage premia; mortgage spreads; demographics; credit supply; distributional effects of monetary policy.

JEL: E21; J11

Abstract

How does the cost of purchasing a home evolve over the life cycle for euro area households? Using loan-level data, we document how mortgage spreads over risk-free rates vary across borrowers' age groups. Both younger and older borrowers pay a premium relative to middle-aged borrowers, so that the age–spread profile takes a U-shape or "smile." We show how this smile evolves over time and how changes in its shape translate into gains or losses in borrowing conditions, particularly for younger mortgagors. Studying the evolution of spreads over the past decade, we disentangle the roles of credit supply –also related to ECB monetary policy– and demographic forces in mortgage pricing across the euro area.

Short-Run and Long-Run News: Evidence from Giant Commodity Discoveries

Kirilll Shakhnov

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Keywords: Expectation shocks, collateral constraint, small open economy RBC.

JEL: E23; F3; F4; Q33

Abstract

The bulk of the news shocks literature focuses on shocks materializing after 4 or 5 quarters, with limited evidence on news about longer-run events. We build a new dataset of discovery and production start dates for a wide range of giant commodity discoveries worldwide from 1960 to 2012. Standard open economy models match the empirical responses of short-run news, but fail in the case of long-run news. Incorporating financial frictions in the form of collateral constraints is crucial for capturing the dynamics implied by long-run news. We also provide direct evidence on the role of these frictions.

Tuesday 30th June, 2026

Parallel Sessions 7: 09:00-10:40

Session A7: Political Economy, Institutions and Historical Change

Moderator: Michael Polemis

Do Innovative Regions Breed Job-Security Optimism? Evidence from Europe

Andreas Sintos

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Keywords: Technological change; job insecurity; regional innovation; labour-market beliefs; Europe.

JEL: J24; J28; O31; R11

Abstract

This paper examines whether regional technological dynamism during youth shapes workers' subsequent perceptions of job security. Combining repeated waves of the European Working Conditions Survey with regional patent data for Europe, I measure early adulthood innovation by the average level of patents in an individual's NUTS-1 region between ages 18 and 25. The analysis shows that individuals who spent these years in more patent-intensive regions report lower perceived job-loss risk later in their careers. The findings suggest that technologically dynamic environments may foster durable beliefs of employability and labour-market resilience rather than insecurity.

The White House Effect: Military Expenditures in the Balkans and the Southeastern Mediterranean

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Keywords: Military Expenditures, US precidency,Balkans, SDoutheastern Mediterranean
JEL: D74, P16, C23

Abstract

This paper investigates whether U.S. presidential partisanship influences military expenditure patterns in Europe, particularly the Balkans and Southeastern Mediterranean. Using annual data for fourteen economies from 2003–2023, we combine fixed-effects models, dynamic panel estimators, and a difference-in-differences framework to identify shifts in defence spending associated with Republican presidencies. The results indicate that Republican administrations are linked to economically and statis tically significant increases in military expenditure, with the effect most pronounced among NATO members. These findings are robust to alternative specifications, estimator choices, and the inclusion of macroeconomic controls. The analysis contributes to the literature on alliance burden sharing by introducing U.S. partisan cycles as a determinant of allied defence budgets in a geopolitically strategic region, while also highlighting the interaction between external political cycles, fiscal constraints, and institutional commitments in shaping national security resource allocation. To support the empirical application, we also develop a simple continuous–time dynamic model that formalizes how partisan shifts in Washington transmit into allied defense budgets through exposure, institutional frictions, and fiscal constraints.

Responding to Market Signals Under Uncertain Times: Evidence from a Lab-in-the-field Comic Experiment of Weather Ambiguity with Potato Farmers

Lina Restrepo-Plaza

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Keywords: Climate change, Behavioral Economics, Ambiguity, Supply elasticity

JEL: C91, Q56, Q11

Abstract

Farmers in rain-fed systems increasingly face weather ambiguity, where probabilities of adverse weather are unknown. This uncertainty can alter how producers react to market signals, dampening price responsiveness and shifting output toward conservative levels. We investigate these behavioral adjustments through a lab-in-the-field experiment with 392 potato farmers in southwest Colombia. Using a comic-based vignette design to enhance ecological validity, we implement a 2×2 factorial structure manipulating perceived weather ambiguity (high vs. low) and past price trajectories (increase vs. decrease). Participants make sequential production decisions across four price scenarios, enabling estimation of supply elasticities under different uncertainty conditions. Results show that ambiguity reduces planting and weakens responsiveness to price increases, with heterogeneous and non-monotonic reactions. These findings suggest that price-based incentives may underperform under weather ambiguity, highlighting the need for complementary interventions such as improved forecasts and advisory services.

Why doesn't crime pay? A difference in differences analysis on the impact of cartel repeated behavior on productivity

Michael Polemis
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Keywords: Cartel, Recidivism, Innovation, Antitrust, Difference in Differences
JEL: L41, L44, D01, K21

Abstract

In this study, we present the first systematic evidence of the impact of cartel recidivism on innovation. Combining data from an international price-fixing cartel database with the structural characteristics of the US manufacturing sectors at the six-digit NAICS level, we analyze how cartel recidivists influence subsequent innovation outcomes. Using a staggered difference-in-differences (DiD) framework for 110 US cartel cases over the period 1979-2016 and a novel heterogeneous estimator, we find that cartel recidivists lead to a significant and sustained decline in innovation progress. Cartel recidivists exhibit average decreases of 5% in technological progress that become stronger and permanent over time when we use the heterogeneous DiD estimator. When we account for an alternative control group, cartel recidivists experience even more pronounced declines in innovation (57% on average), suggesting that recidivism entrenches short-term rent-seeking incentives at the expense of dynamic capabilities of the industries. Our estimated treatment effect captures the average impact experienced by treated firms over approximately four post-treatment years. However, when we split the sample into firms involved in cartels only once (single cartel offenders), the results indicate no meaningful effect on innovation. We argue thus that cartel recidivists, rather than single offenders, drive the negative impact of collusion on innovation. The results of this study are vigorous to several robustness tests, justifying the absence of pretreatment effects and endogeneity.

Session B7: Banking, Regulation and Financial Intermediation

Moderator: Dimitrios Kanelis

The effect of a bonus cap on compensation structure in the banking sector

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Keywords: Banks, Bonus cap, executive compensation, Principal-agent theory

JEL: G21, G28, G35

Abstract

We study the effect of a bonus cap on compensation structure among top earners in the banking sector. Our identification strategy exploits a unique setting in which banks with their statutory seat in the Netherlands need to comply with the bonus cap, while banks with their statutory seat in other EU countries do not. From a theoretical perspective, the introduction of a bonus cap is expected to reduce the variable component of compensation and increase the fixed component. We test these predictions using a difference-in-differences design. Consistent with the theory, we find that the hourly variable wage decreases by 23 percent, while the hourly fixed wage component increases by 12 percent

ECB perception of non-banks and market reactions: A machine learning-based approach

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Keywords: Non-bank Financial Intermediation, Machine Learning, Sentiment Analysis, Large Language Models

JEL: E44, E52, C80

Abstract

This paper constructs a machine-learning-based perception index capturing the European Central Bank's publicly expressed views on the NBFI sector, using sentiment classification of ECB speeches from 1998 to 2024 with fine-tuned large language models. We find that ECB perceptions are neutral but negatively tilted overall, with a gradual decline over time and occasional positive episodes linked to innovation and market functioning.

The role of Green Premium in Financial Markets

Konstantinos A. Dimitriadis

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Keywords: Bank lending channel's effectiveness, Banking crisis, Monetary policy, Central bank

JEL: E52, E58, G01, G21

Abstract

Unconventional monetary policies in the form of massive asset purchases by central banks have opted to strengthen the effectiveness of the banking system and revitalize economies. Low interest rates push towards this direction while having adverse effects on bank lending. Higher risk undertaken by commercial banks leads to the emergence of banking crises with opposite effects than intended. This study provides a literature review, on the one hand, on the determinants of the bank lending channel's effectiveness and on the other hand, on the major drivers of banking crises and finds a close connection between them. The following methods are used to analyze this interaction: i) the combination of bank assets and risk characteristics; ii) the relationship with the real economy and financial markets; iii) the relationship with sovereign debt; iv) the regulatory environment; and v) financial crisis forecasting techniques. It is clear that there is a complicated relationship between bank lending efficacy and financial crises, and it is worthwhile to try to close the understudied gap in the literature by analyzing the factors that they have in common.

The Financial Instability – Monetary Policy Nexus: Evidence from the FOMC Minutes

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Keywords: Explainable Artificial Intelligence, Financial Stability, FOMC Deliberations, Monetary Policy Communication, Natural Language Processing

JEL: E44; E52; E58

Abstract

We analyze how financial stability concerns expressed in Federal Open Market Committee (FOMC) meetings affect U.S. monetary policy implementation and communication. Utilizing large language models to analyze FOMC minutes from 1993-2022, we measue mandate-related and financial stability-related sentiment. Financial stability concerns rise after the Global Financial Crisis, especially during tightening cycles and the COVID-19 pandemic. Outside the zero lower bound (ZLB), heightened stability concerns are linked to lower policy rates; within the ZLB, they correlate with a tightening of unconventional measures. Methodologically, we introduce a labeled dataset and apply explainable AI tools to enhance interpretability and reduce bias in text analysis.

Session C7: Fiscal Policy, Austerity and Public Debt

Moderator: Guido Traficante

The effects of austerity on fiscal prudence: the role of private indebtedness and private investment

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Keywords: Fiscal policy; Public debt; Fiscal adjustment; Private debt; Private investment

JEL: E62; H60; H63

Abstract

Using a newly constructed narrative dataset of fiscal adjustments for 17 advanced and 12 developing economies from 1980 to 2020, this paper investigates the effectiveness of fiscal consolidations in reducing public debt and how their outcomes depend on the level of private indebtedness and private investment, using state-dependent local projection methods. I find that a 1% of GDP fiscal adjustment translates to a reduction in public debt by 2.76% over the medium term. Consolidations are more effective in economies with low private debt or high private investment, whereas high private indebtedness or weak investment conditions limit or even reverse the effect. Initial fiscal positions, sovereign default risk, and central bank independence further shape outcomes, with stronger debt reductions observed in low-debt, high-risk states and when central banks are independent. The composition of fiscal adjustments also matters, as spending-based reduce debt more effectively than tax-based adjustments. These results underscore the importance of accounting for private sector dynamics and institutional factors when designing fiscal consolidation strategies.

Fiscal Drag in Greece

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Keywords: personal income tax; inflation; indexation; bracket creep

JEL: D31; H24; E62

Abstract

This paper uses a microsimulation approach to analyse the phenomenon of “fiscal drag” in Greece, i.e. the increase in tax revenues that arises when nominal tax bases grow, while the parameters of the personal income tax (PIT) system remain unchanged in nominal terms. First, we estimate the phenomenon in terms of the tax-to-base elasticity, which captures the responsiveness of PIT revenue to changes in the tax base under an unchanged legislation. The results suggest an elasticity of almost 1.8 in 2019, implying a built-in progressivity in the PIT system and, therefore, potential for fiscal drag. We further decompose this elasticity to identify its main drivers across income sources (labour, capital, self-employment, pensions and benefits) and tax parameters (tax brackets, tax deductions/credits) as well as across the income distribution. Second, we assess fiscal drag in practice between 2019 and 2023 by comparing actual PIT revenues (incorporating observed income growth and legislative changes) against counterfactual 2023 scenarios simulating alternative indexation practices. We quantify the actual impact of fiscal drag, defined as a share of GDP, and the extent to which government policies have managed to offset it. The findings indicate that, although Greece has no formal indexation of tax parameters, the tax policy reforms implemented between 2019 and 2023 more than offset the potential effects of fiscal drag, keeping PIT revenues broadly stable as a share of GDP, while slightly reducing the average effective tax rate. Overall, the results highlight that, during a period of rapid nominal income growth, Greece’s PIT reforms improved both the progressivity and the redistributive capacity of the tax system, while safeguarding PIT revenue. These insights are relevant for the design of future tax policy interventions.

Sectoral Accounts as Fiscal Diagnostics: Real-Time Evidence and the Fiscal Multiplier Reassessment in Greece, 2010–2013

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Keywords: fiscal multipliers, sectoral accounts, Greece, financial crisis, national accounts
JEL: E01, E62, H30, H62

Abstract

In May 2010, the International Monetary Fund approved a Stand-By Arrangement for Greece incorporating fiscal multiplier assumptions of approximately 0.5. By January 2013, cross-country econometric analysis by Blanchard and Leigh (2013) confirmed that multipliers had been substantially underestimated. This study examines whether Eurostat's quarterly sectoral accounts exhibited patterns consistent with elevated multipliers during the program period, and when such patterns became statistically identifiable. Applying Bai-Perron structural break tests, we identify regime shifts in household saving (2009-Q4), the non-financial corporate financing gap (2011-Q4), and the current account balance (2012-Q1). The household saving break—robust to alternative trimming parameters and seasonal adjustment—occurred two quarters before program commencement, signaling balance sheet vulnerability that would amplify fiscal transmission. All breaks preceded the October 2012 econometric acknowledgment of multiplier underestimation by 9 to 36 months. A counterfactual benchmark based on gradual consumption smoothing shows actual household saving deviated by up to 3.7 percentage points from the low-multiplier path, consistent with liquidity-constrained behavior. The temporal precedence suggests that sectoral accounts contain diagnostic information observable substantially before cross-country econometric identification permits.

Beyond Treaty Presence: Firm-Level Evidence of Tax Treaty Design and Investment in Developing Countries

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Keywords: Tax treaties, Tax relief method, Tax sparing, OECD MNEs, New foreign subsidiaries, Gross investments
JEL: F53; F21; F23; H25; H73; K34

Abstract

This paper extends the analysis of Shehaj and Zagler (2024) by using firm-level data to analyze how the residence country's double tax relief method and tax sparing provisions in asymmetric tax treaties affect foreign investments by OECD multinational enterprises in developing countries. Combining unconsolidated subsidiary-level data for 2005-2016 with detailed tax treaty information, the study distinguishes between entry (extensive margin), investment intensity (intensive margin), and the directness of the investment route. The results show that tax treaty changes in the residence country's relief method do not affect subsidiary creation once investment routing is considered, while tax sparing provisions consistently encourage market entry. At the intensive margin, treaty improvements in the relief method increase investment intensity only for firms investing through indirect routes, whereas tax sparing provisions are either irrelevant or negatively associated with reinvestment. These findings reveal substantial heterogeneity that aggregate FDI data conceals and demonstrate that treaty provisions influence firms differently depending on whether they enter or expand and on the route through which they invest.

Fiscal policies are not all alike: composition effects, regime switching and uncertainty

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Keywords: Monetary Policy, Central Banking, Fiscal Policy

JEL: E5, E6

Abstract

This paper examines the effects of fiscal policy on GDP, accounting for its composition and the prevailing policy regime (fiscal or monetary dominance). Using U.S. data, we estimate a Markov-switching Taylor rule to identify time-varying regimes and assess the dynamic effects of fiscal shocks — distinguishing between public consumption and investment — through nonlinear local projections. Our results show that under fiscal dominance fiscal shocks bring about larger and more persistent output responses. A DSGE model with regime shifts rationalizes these findings, showing that public consumption mainly boosts demand, while public investment enhances productivity through capital accumulation. The difference between the two components is particularly pronounced under monetary dominance, where monetary tightening dampens the demand-driven impact of consumption but not the supply-side gains from investment. Finally, we show empirically that policy uncertainty modulates these effects: government consumption is more stimulative in low-uncertainty environments, whereas government investment seems not to depend strongly on the uncertainty scenarios.

Session D7: Health Economics and Public Health Outcomes

Moderator: Michael Chletsos

Incentives, Information, and Quality of Primary Care: Experimental Evidence

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Keywords: Primary care, quality-of-care indicators, economic incentives, health policy

JEL: I18, H51, C93, D83, M52

Abstract

Financial incentives and information provision are widely used to influence provider behavior and improve quality of care, yet they are typically implemented jointly, making it difficult to identify their independent effects. This study exploits a randomized policy experiment in the Catalan public primary care system to disentangle the causal impact of financial incentives and information feedback on provider performance. We conduct an unblinded cluster randomized controlled trial involving 63 primary care practices and 1,433 professionals. Practices were randomly assigned to one of three groups: a control group with unchanged incentives and information, a group in which financial incentives linked to seven quality-of-care indicators were removed, and a group in which both financial incentives and information feedback through an online platform were removed. Monthly performance on each indicator was observed from February to December 2025 and analyzed using mixed-effects models accounting for clustering and baseline performance. Preliminary results show substantial heterogeneity across indicators. Removing financial incentives significantly reduced performance in arterial pressure control for diabetes and chronic renal failure patients and in inhaler technique verification. Removing information feedback generated additional declines and affected indicators that were insensitive to incentive removal alone, particularly diagnostic adequacy of hypertension and arterial pressure control in ischemic heart disease. Other indicators were unaffected by either intervention. These findings highlight the distinct and complementary roles of incentives and information and suggest that quality-improvement policies should be tailored to the responsiveness and maturity of specific clinical practices.

Economic Incentives and Public Health

Dimitrios Minos

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Keywords: Incentives, Vaccination, Public Health, Greece

JEL: H12, I12, I18, J21

Abstract

Overcoming collective action problems in low-trust democracies can present a significant challenge as conventional policy tools of positive and negative incentives may not be effective. In this paper we look at vaccination rollout in 2021 in Greece and exploit an exogenous demand shock in tourism that created labour market opportunities and hence a strong economic incentive that stemmed from the private sector rather than a government. Our difference-in-difference estimations suggest that these incentives causally and significantly increased vaccination uptake in treated areas. These results can better inform policymakers about effective policy design during crises.

Delivering Amidst Consolidation: Implications of Hospital Mergers on Newborn and Maternal Outcomes

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Keywords: hospital mergers; maternal and child health; hospital markets; firm strategy; public hospitals
JEL: I11, I12, L13, L22, I18

Abstract

As hospital systems consolidate and negotiate higher private health insurance (PHI) reimbursements, the widening difference between PHI and public hospital payments could incentivize hospitals to restrict access to care for lower-margin Medicaid (publicly-insured low-income) beneficiaries. We examine how hospital mergers affect labor and delivery (L&D) care for mothers covered by Medicaid. Using national Medicaid claims data and birth certificate-derived vital statistics data, we find that Medicaid birth admissions decline by an average of 33% following a within-market hospital merger. This reduction is largely attributed to a corresponding 15% decrease in the number of unique L&D providers at merged facilities. Rates of cesarean delivery show modest declines, with no measurable change in induced labor or maternal complication rates. At the county level, newborn health outcomes improve in areas served by hospitals that acquire other facilities. Overall, hospital consolidation appears to reduce access to within-market hospital options, yield modest improvements in L&D outcomes, and route Medicaid mothers to public hospitals.

Impact of Community Health Workers on Child Mortality: Evidence from India

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Keywords: Community Health Workers, Difference-in-Difference, Child Mortality
JEL: I10, I15

Abstract

This paper estimates the impact of community health workers (ASHA) in improving child mortality in rural India highlighting the imporatnce of information dissimentaion. Using repeated cross-sectional data from multiple rounds of the District Level Household Survey and employing a difference-in-differences strategy, I estimate the effects of the initial rollout of the ASHA programme (2005–2008) on child mortality indicators. The initial findings suggest that ASHA workers were associated with a significant reduction in post-neonatal mortality, controlling for state and year fixed effects. Additional robustness checks confirm that these effects persist even after controlling for concurrent cash transfer programme such as Janani Suraksha Yojana (JSY). Further analysis reveals no significant heterogeneity in the intervention's impact across socio-economically disadvantaged caste groups. These results provide suggestive evidence on the value of community-level health interventions in improving child survival.

Parallel Sessions 8: 12:00-13:40

Session A8: Household Finance, Wealth and Credit

Moderator: Aneta Kłopocka

Household Composition and The Transmission of Aggregate Shocks

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Keywords: Household composition, marriage, monetary policy, heterogeneous agents

JEL: E21, E32, E52, G51, J10

Abstract

Using household survey data, we show that the consumption response to monetary policy shocks vary systematically by household composition. Married households increase expenditures more sharply and persistently than single households, despite exhibiting similar income and unemployment responses. These differences cannot be explained by other demographic factors documented in the literature. Instead, they are driven by differential responses in "co-elastic" goods — those with higher long-run elasticities for married households than for single households. Our findings imply that the secular decline in cohabitation has dampened the effectiveness of monetary policy.

Unpacking Commodity Price Fluctuations: Reading the News to Understand Inflation

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Keywords: inflation, commodities, news, textual analysis, demand, supply

JEL: C19, E31, E37, F40, Q02

Abstract

We show that text-based indicators of supply and demand disturbances in commodity markets provide distinct information about future inflation movements, relative to existing predictors and various measures of inflation expectations derived from financial prices or from surveys of professional forecasters and consumers. Specifically, we document that demand disturbances play a significantly larger role in prediction than supply disturbances because they typically lead to more correlated increases in quantities and prices of goods across the consumer basket, resulting in a clear and positive relationship between commodity prices and overall inflation. Local projections confirm that demand disturbances generate substantially larger inflation responses in the short- to medium-term. In terms of magnitudes, commodity-specific indicators reduce out-of-sample inflation forecast errors at the one-year horizon by up to 30 percent

Information Clearinghouse: Market Implications of U.S. Judicial Decisions

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Keywords: Sovereign debt litigation,

Foreign Sovereign Immunities Act (FSIA), Bond market dynamics

JEL: G15, K23, F34, D82, G14

Abstract

When sovereign states default on their debt, creditors typically have no recourse—there is no international bankruptcy court to enforce contracts. The Foreign Sovereign Immunities Act (FSIA), however, allows private creditors to sue sovereign states in U.S. courts, creating a potential enforcement mechanism despite the absence of formal international enforcement. Yet U.S. courts lack direct enforcement power over foreign sovereigns—they cannot seize assets or compel repayment. How, then, do courts affect sovereign debt markets? I examine FSIA litigation using original data on court rulings matched to daily bond prices and trading activity. I find that courts shape sovereign debt markets through information provision. First, litigation fundamentally transforms distressed debt markets: bonds with higher arrears become significantly more actively traded during litigation as sophisticated investors enter to trade on expected legal outcomes, reversing the typical pattern where severely distressed bonds become illiquid. Second, this market transformation comes at a cost—countries lose primary market access during litigation, with new bond issuance declining substantially until cases resolve. Third, judicial rulings provide critical information about FSIA enforcement credibility. Creditor victories are associated with positive market reactions, indicating that rulings clarify the costs and risks of sovereign default under U.S. law rather than signaling changes in underlying creditworthiness. The findings demonstrate that judicial institutions can shape sovereign debt market structure through information revelation, with implications for understanding how legal institutions function in international finance without formal enforcement mechanisms.

Borrowing More, Burdening Less: Evidence from Relative Income Dynamics

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Keywords: Peer effects, relative income, debt burden, household borrowing, income mobility, financial behaviour
JEL: G51, D14, D31

Abstract

This paper examines whether changes in households' relative income influence borrowing behaviour and debt burden. Using microdata from the 2018–2019 Polish Household Budget Survey, we construct a measure of Relative Income Dynamics (RID) that identifies households whose income grows faster than that of their provincial peers. Logit estimates show that upward RID is associated with a higher likelihood of becoming a borrower and increasing loan repayments, while simultaneously reducing the probability of a rise in the debt-service-to-income (DSTI) ratio. The findings highlight that relative income improvements play an essential role in shaping household borrowing decisions and financial resilience.

Session B8: Labor Market Institutions, Historical Change and Wage Policies

Moderator: Nikolaos Kanellopoulos

Robots, Jobs, and Organized Labor

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Keywords: automation, task-based model, labor market institutions, germany, union

JEL: E24, J20

Abstract

How do labor market institutions shape firms' technological choices and the distribution of automation's gains and losses? Using matched German employer–employee administrative data linked to establishment survey measures of robot adoption, we show that works councils—workplace worker-representation bodies with codetermination rights over personnel decisions—systematically change how firms adjust to automation. In an event-study design comparing adopting establishments with and without councils, council-covered establishments retain more incumbent workers, exhibit larger increases in within-firm occupational transitions, and expand training around adoption events. These patterns are amplified when local labor markets are tight, consistent with higher replacement costs. To interpret the evidence, we develop a dynamic model of firm-level technology choice with three labor adjustment frictions: hiring, firing, and training costs. Works councils enter as higher dismissal costs, which (i) shift adoption thresholds and induce selection into adoption, and (ii) conditional on adoption, tilt optimal adjustment away from external displacement and toward internal reallocation and retraining. The model rationalizes the empirical responses and provides a framework for counterfactuals quantifying how changes in labor market institutions shape both the direction of technological change and worker outcomes within firms.

Do People Understand Minimum Wages? Evidence from Choice Experiments in Four Countries

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Keywords: Minimum wages, unemployment, beliefs, survey experiments, labor markets

JEL: J31, J23, J38, D81, D91, C91

Abstract

This paper investigates how individuals understand the trade-off between wages and unemployment in the context of minimum wage policy. Using a large-scale vignette-based survey experiment with about 10,000 participants conducted in Greece, the United States, the United Kingdom, and Germany, we elicit respondents' preferences over hypothetical economic scenarios that vary in wage levels and unemployment rates. The results reveal a systematic overweighting of wage levels relative to unemployment risk, limited evidence of risk aversion, and notable cultural differences. We explore several behavioral explanations, including overconfidence about personal unemployment, non-standard preferences, superficial altruism, and the neglect of second-order effects. The findings contribute to understanding why public support for high minimum wages persists despite decades of economic research emphasizing potential employment trade-offs.

Inventing the British Industrial Revolution: Primary Factors and the Role of Contingency

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Keywords: Invention, Steam Engine, Britain, Industrial Revolution

JEL: N7

Abstract

This paper addresses the question as to why Britain was the first country to go through the Industrial Revolution. The main thesis is comprised of the following arguments: 1) In light of the fact that the steam engine was, by far, the main contributor to productivity and output growth, the focus should be on the coalmining sector where this invention came about to address the drainage problem; 2) To the existing theories which attempt to explain innovation during this period, I add a couple of more factors which were critical to this invention (e.g., change in property rights following the dissolution of the monasteries, and the absence in Britain of a continental technology used for mine drainage called Stangenkunst); 3) I come to the conclusion that the invention of the steam engine was the outcome of several factors, all of which were indispensable with none of them rising to the level of a primary factor; 4) The factors relevant to innovation in other leading sectors of the economy were different since each sector presented a unique ecosystem. The paper ends with an account explaining the aggregate diffusion trajectory of steam power.

Minimum Wage and Transitions In and Out of (Un)Employment in Greece

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Keywords: minimum wage, unemployment, Greece, initial conditions, labour market flows

JEL: J08, J21, J38, J64, C25

Abstract

This paper examines how the minimum wage affects labour market transitions and unemployment dynamics in Greece. The analysis combines microdata from the Greek LFS with aggregate administrative data from EFKA. Unemployment dynamics are modelled using an endogenous switching probit framework that explicitly accounts for endogenous initial conditions, allowing consistent estimation of state dependence. To identify minimum wage effects despite a uniform statutory wage floor, the paper constructs multiple Kaitz indices varying by gender, industry of employment, and local firm size. Results show that higher minimum wage bite is robustly associated with a higher likelihood of unemployment. The effect is substantially stronger for previously unemployed individuals, indicating that higher relative minimum wages primarily reduce transitions out of unemployment rather than increase job separations. Findings suggest that minimum wage increases influence labour market dynamics even when aggregate employment continues to grow, underscoring the importance of taking into consideration labour market flows rather than employment levels alone, when evaluating minimum wage policy.

Session C8: FDI, Offshoring and Global Value Chains

Moderator: Eva Hagsten

Beyond Linearity in the Emissions–Growth–FDI Nexus: Semiparametric Evidence on Development-Stage Thresholds and Institutional Conditioning

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Keywords: Greenfield FDI, Green Productivity, Absorptive Capacity, Institutional Theory, Semiparametric PLR.

JEL:

Abstract

This research re-examines the relationship between greenhouse gas (GHG) emissions, economic growth, and foreign direct investment (FDI) across 40 European countries from 2004 to 2022. Moving beyond restrictive linear assumptions, we argue that the sustainability spillovers of foreign investment are non-monotonic and contingent upon host-country absorptive capacity and institutional maturity. We employ a semiparametric partially linear regression (PLR) model and a Global Malmquist Luenberger (GML) productivity index to capture environmentally adjusted performance. Our findings reveal that the impact of Greenfield FDI (GFDI) is fundamentally regime-dependent: while the full sample exhibits an inverse-U relationship—indicating diminishing returns beyond a threshold—the EU subsample displays a cubic recovery pattern consistent with systemic institutional adaptation. These results highlight that the environmental benefits of foreign entry are not automatic but require coordinated regulatory alignment.

Nonlinear Knowledge Spillovers from Greenfield FDI: Absorptive Capacity Thresholds in Productivity and Innovation

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Keywords: Knowledge Spillovers, Greenfield FDI, Institutional thresholds
JEL: F21, O33, 04

Abstract

This paper investigates the role of greenfield foreign direct investment (FDI) as a channel of international knowledge diffusion and its effects on productivity and innovation, emphasizing the non-linear role of host-country absorptive capacity. Drawing on a panel of advanced and emerging economies over the period 2003–2020, we construct measures of external knowledge using FDI-weighted foreign R&D stocks derived from bilateral greenfield investment data. Productivity gains are assessed using total factor productivity (TFP), while innovation outcomes are proxied by patent applications. Employing panel cointegration techniques, Dynamic and Fully Modified OLS estimators, negative binomial models, and panel threshold regressions, the analysis explicitly allows for regime-dependent spillover effects driven by institutional and financial conditions. The results show that FDI-related external knowledge significantly enhances productivity and innovation, with effects comparable in magnitude to domestic R&D. Crucially, these benefits materialize primarily once key absorptive capacity thresholds are surpassed. Financial development emerges as a particularly important mediator, alongside broader institutional quality and innovation system maturity. The findings highlight that the gains from global knowledge integration are conditional rather than automatic, underscoring the importance of targeted structural reforms to unlock FDI-induced growth and accelerate convergence in catching-up economies.

Nowcasting GDP: Towards a new mindset

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Keywords: GDP nowcasting; real-time data; data quality; nowcasting applications; systematic literature review
JEL: C22, C53, E01, E37

Abstract

The present study offers a systematic literature review of the GDP nowcasting landscape, tracing nearly three decades of intellectual development, methodological innovation, and empirical application across both advanced and emerging economies. It proposes a new mindset for the field so that the existing gaps and challenges are efficiently addressed. More specifically, it provides the most geographically inclusive systematic review of GDP nowcasting research, it also offers a critical synthesis of the methodological evolution of the field, from classical bridge equations and dynamic factor models through frontier machine learning as well as it identifies and analyses the key unresolved challenges, such as the pseudo-real-time data problem, the ragged-edge effect and data revisions.

Location of foreign-controlled workplaces independent of high levels of broadband speed and skills

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Keywords: Foreign-controlled workplaces, high-speed broadband access, skills, agglomerations, market size, Fixed effects Poisson estimations.
JEL: R11, O18, F20

Abstract

This study investigates the relationships between the number of foreign-controlled workplaces and high-speed broadband access nearby when the proportions of secondary, intermediary and highly skilled inhabitants, the local market size, the physical infrastructure as well as spatial dependencies are controlled for. Detailed municipality-level data from official registers in Sweden over a 13-year period are used for the exercise. Special emphasis is put on different industries and municipalities in decline. Estimation results from a fixed-effects Poisson model reveal that the number of foreign-controlled workplaces in a municipality mainly depends on the total wage bill (market size), road density, and the proportion of secondary-skilled inhabitants. The high-speed broadband variable does not yield significant results at conventional levels, on average, or in the declining regions. Yet, separate estimations demonstrate that high-speed broadband access is significantly and positively related to the number of foreign-controlled workplaces in wholesale and retail trade as well as in business service industries. Intermediate skills are mainly important in the declining municipalities. Several other time-variant factors commonly suggested in literature for the location of firms or workplaces are tested, including productivity, agglomeration, high-speed broadband access and skilled inhabitants in the neighbouring municipalities, without rendering significant results at conventional levels.

Session D8: Monetary Policy Rules and Central Bank Decisions

Moderator: Sören Karau

Import Tariffs and the Systematic Response of Monetary Policy

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Keywords: tariffs, trade, imports, monetary policy, counterfactuals

JEL: C32, E31, E32, E52, F14

Abstract

We estimate the macroeconomic effects of U.S. import tariff shocks using several tariff measurement and identification approaches. Tariff shocks reduce output but increase consumer prices. Monetary policy partially accommodates these shocks with a policy easing. To quantify the dependence on systematic monetary policy, we use empirically identified monetary policy shocks to construct counterfactuals that are robust against model misspecification and the Lucas critique. When monetary policy strictly stabilizes inflation, the output contraction at the trough is 36% larger than in the baseline. In contrast, strict output stabilization implies a peak inflation effect that almost doubles, compared to the baseline.

Hawk or Dove by Nature? Evidence from the Bank of England's MPC

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Keywords: Monetary Policy, Monetary policy committees, Voting behaviour, Taylor rule

JEL: E03 E50 E61

Abstract

Standard monetary policy rules abstract from heterogeneity in policymakers' preferences and belief formation. This paper studies the early-life economic experiences of members of the Bank of England's Monetary Policy Committee (MPC) and examines how these experiences influence voting behavior and interest rate setting. I construct a time-varying measure of MPC hawkishness that combines formative macroeconomic experiences with individual voting data from 1997 to 2025. Formative experiences systematically predict voting behavior during major economic episodes. Members exposed to economic crisis early in life responded more dovishly during the EU referendum and the COVID-19 crisis while they reacted more hawkishly during the 2022–23 inflation episode. Changes in the stance of monetary policy are driven primarily by shifts in committee-level hawkishness rather than by turnover in committee membership. Including this new variable to a forecast-based Taylor rule leads to a significant improvement in the model's in-sample fit, indicating that it captures systematic variation beyond standard Taylor-rule controls. A one-standard-deviation increase in average MPC hawkishness raises the policy rate by approximately 6 basis points. These findings suggest that part of what is interpreted as monetary policy shocks reflects systematic variation in committee preferences shaped by policymakers' formative economic experiences

Effective monetary policy rules under recessionary conditions

Thanassis Kazanas

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Keywords: Monetary Policy Rules, Taylor Rule, Regime Switching, Threshold Regression, Recessionary Conditions

JEL: E43, E52, C24, C26, C51

Abstract

This paper investigates the existence of non-linearities and threshold effects in the conduct of monetary policy, focusing on how central bank reaction functions shift across different stages of the business cycle. While standard Taylor rules assume a linear relationship between interest rates, inflation, and the output gap, this research employs advanced threshold estimation techniques to identify regime-switching behavior. Using quarterly data for the United States, UK, and Japan spanning from the 1960s to 2019, we estimate monetary policy rules through two primary methodologies: the Instrumental Variable Threshold Regression (IVTR) model proposed by Caner and Hansen (2004) and the Structural Threshold Regression (STR) model. These models are specifically designed to address the inherent endogeneity of macroeconomic regressors, such as inflation and the output gap, by utilizing Generalized Method of Moments (GMM) and Two-Stage Least Squares (2SLS) frameworks. The estimation process involves a two-step procedure where the threshold parameter—determined by the output gap—is first identified, followed by regime-dependent estimations. Our empirical results for the US provide robust evidence of significant regime switching. The findings suggest that the Federal Reserve's responsiveness to inflation and output fluctuations is not uniform; rather, the coefficients for inflation and the output gap vary significantly depending on whether the economy is above or below a specific output gap threshold. The study is further extended to the United Kingdom and Japan to provide a comparative international perspective on whether these threshold effects are a universal feature of modern inflation-targeting regimes or are specific to US institutional frameworks. The results contribute to the ongoing debate on the flexibility of monetary policy and the necessity of accounting for non-linearities when modeling central bank behavior in the face of varying economic conditions.

Political Pressure on the Fed – Is This Time Different?

Sören Karau

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Keywords: central bank independence, political pressure, monetary policy, high-frequency identification, proxy VAR, event-targeted VAR

JEL: C32, E50, E58, D72

Abstract

Reserve by US President Trump in his second term, in which his public calls for lower interest rates coincided with unprecedented efforts to reshape the Fed Board. Using a dataset of dozens of political pressure events in 2025, we use high-frequency asset price responses as multi-dimensional external instruments in a proxy VAR, identifying a shock to political pressure on the Fed. We find that, unlike during Trump's first term, Fed pressure does not materialize as a de facto monetary easing: although interest rates decline, equity prices tend to fall and measures of uncertainty rise, consistent with a deterioration in market confidence. The price of gold increases particularly strongly. The identified shock can account for much of the response by financial markets to the "Liberation Day" tariff announcements in early April 2025, and continues to weigh on the USD's exchange rate, indicating a sustained loss of confidence in the dollar.

Parallel Sessions 9: 16:00-17:40

Session A9: Macroeconomic Growth, Exchange Rates and Organizational Performance

Moderator: Evangelos Dioikitopoulos

Identity Work As Incentive Design: Sustaining Purpose & Performance In Mission-Driven Firms

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Keywords: Identity; Behavior Contract Design; Mission Driven Firm

JEL: D82, M52, D23, D64, Z13

Abstract

Mission-driven firms increasingly rely on purpose, values, and identity to attract and motivate employees, yet they also face a classic principal-agent problem: effort is costly and imperfectly observable, and high-powered monetary incentives can be expensive or even counterproductive in high-purpose environments. This paper develops a parsimonious contract- theoretic framework that treats identity, the deliberate cultivation and activation of shared, mission-based identities, as an integral element of incentive design. The framework formalizes two empirically salient forces: (i) a 'Birds of a Feather' effect in which workers supply more effort when their identity aligns with the firm's mission, and (ii) a 'Backfire' effect in which extrinsic incentives may crowd out, distort, or otherwise weaken intrinsically motivated effort.

Euro-Area Monetary Policy Transmission under Tokenisation and Unremunerated Central Bank Digital Currency

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Keywords: Euro Area monetary policy transmission regional asymmetries, Central Bank digital currency, tokenised collateral, fractional Brownian motion, rough volatility

JEL: E3, E5, G1, C54, C63

Abstract

We evaluate the extent of regional asymmetries in the transmission of Euro Area (EA) monetary policy to interbank and lending rates, as well as lending volumes, under the tokenisation of collateral and the launch of an unremunerated central bank digital currency (token-based, with pre-announced maximum holding limits, and a 'reverse-waterfall' function). We address the impact of reverting to each one of the varied monetary policy operational frameworks (namely a corridor system, a floor system and its variants, zero- and near-zero corridor systems), yet irrespective of the choice to deploy unconventional monetary policy. Accounting for the diversity of the EA interbank market in the presence of idiosyncratic liquidity shocks, in addition to rough volatility of asset prices in terms of market microstructure noise, we model the amplification of arbitrage opportunities in a fragmented EA interbank market, and the potential attenuation of price stability of a broader range of assets affecting their eligibility to be used as central bank collateral. The main policy implication of our results points towards the need for coordination on access to tokenised settlement across all regions in the EA, primarily to deliver the improved efficiency rendered by tokenised collateral markets in view of the potential nuances in remuneration and cash settlement.

Keeping Up with the Influencers: The Impact of Aspirations on Labour Supply, Sectoral Allocation, and Economic Growth

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Keywords: growth, social media, youth employment
JEL: C23, E44, E58, O43, O50

Abstract

This paper studies how the rise of social media and visibility platforms affects labour supply, skill accumulation, and long-run economic outcomes. Recent evidence shows that younger cohorts devote increasing amounts of time to leisure, gaming, and recreational online activities while reducing their labour supply and investment in human capital. We develop a dynamic macroeconomic model in which individuals derive utility not only from consumption and leisure but also from visibility-driven lifestyle aspirations shaped by exposure to others' lifestyles on social media. As productivity grows, visibility intensifies, amplifying aspirations and shifting time and expenditure away from labour and standard goods toward leisure activities. Calibrated to U.S. data from 1960–2015, the model replicates key empirical trends: the decline in labour supply, the rise in leisure time, the expansion of the leisure-goods sector, and the slowdown in productivity growth. The framework highlights how aspiration-driven reallocations can alter capital accumulation, sectoral employment, and long-run growth. By incorporating social status preferences and visibility dynamics into a macroeconomic setting, the model provides a unified explanation for the rise of the experience economy, the increase in leisure-intensive behaviours among youth, and the evolving structure of modern labour markets. We also provide experimental evidence showing that the presence of status preferences reduces the labour supply of young generations.

Session B9: Digitalization, Entrepreneurship and State Capacity

Moderator: Kyriakos Drivas

How Digitally Cohesive is Europe?

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Keywords:

JEL:

Abstract

Digitalization has emerged as a central driver of Europe's economic, social, and spatial transformation, reshaping production systems, public administration, and everyday life. As the European Union advances its digital transition, understanding how digital development interacts with long-standing cohesion objectives becomes increasingly important. While digitalization holds the potential to reduce structural disadvantages, it may also reinforce existing territorial inequalities. These effects are highly uneven across space and cannot be adequately captured through country-level analysis alone. Despite growing empirical attention to digitalization and cohesion, substantial regional heterogeneity within EU member states— between urban and rural areas, core and peripheral regions, and innovation leaders and laggards—remains underexplored. A major limitation in regional analysis is the absence of a composite digital indicator comparable to the Digital Economy and Society Index (DESI), which is available only at the national level. Regional studies must therefore rely on fragmented indicators that often provide inconsistent signals. This paper addresses this gap by developing a dynamic, data-driven composite index of regional digital performance. Unlike conventional indices based on fixed or equal weighting schemes, the proposed approach allows the relative importance of digital dimensions to vary across regions and over time. Methodologically, the paper employs stochastic bounding (SB), a recent advancement in stochastic dominance analysis. SB constructs a composite index directly from the data without imposing arbitrary weights, ensuring that higher scores reflect genuine performance rather than methodological assumptions. This framework accommodates heterogeneous regional digital profiles and evolving development paths, making it particularly suited to the multidimensional and dynamic nature of digitalization. Applying the methodology to 88 NUTS-1 regions across 27 European countries over the period between 2017 and 2024, the analysis reveals a highly fragmented digital landscape characterized by a pronounced North–South divide and significant within-country disparities. Digital performance closely correlates with economic strength and innovation capacity, suggesting that digitalization

may reinforce cumulative divergence processes. These findings highlight digital cohesion as a major policy challenge and call for renewed cohesion strategies tailored to Europe's asymmetric digital transformation.

Digital State Capacity

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Keywords: Political Economy, State Capacity, Text as Data

JEL: D72, P16, H11, O17, C55

Abstract

Digital State Capacity is a government's ability to use information technologies to effectively implement its policies and achieve its goals. This paper introduces a new objective and globally consistent measurement of the ICT capability of governments worldwide to improve the understanding of how countries use information technology to improve their capabilities and capacities. First, we describe the raw data and methods used to build objective measures of Digital State Capacity. Second, we validate our our measure at the cross country and subnational level. Third, we show that Digital State Capacity is useful for explaining cross country differences in a number of common government tasks such as reducing corruption or the effective rollout of vaccinations. Our results show that higher digital state capacity is systematically associated with lower corruption and more effective public service delivery, consistent with digital infrastructure strengthening the state's ability to monitor, coordinate, and enforce policy. These patterns highlight digital infrastructure as an important, but previously unmeasured, component of modern state capacity

Determinants of Digital Euro Adoption: The Role of Political Orientation

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Keywords: CBDC, Digital euro, Trust, Political preferences, Survey data

JEL: D14, E42, E51, E52

Abstract

This study builds on a face-to-face survey conducted among Slovak respondents examining their awareness of and potential interest in using the digital euro. We show that political preferences are strongly associated with intended adoption. In particular, right-leaning respondents exhibit significantly higher probability of ex pressing interest in using the digital euro. We also find that respondents who prefer cash payments are less likely to adopt it. Survey responses indicate that envisaged digital euro transactions could amount to up to 20% of individual monthly net in come. Privacy and security emerge as the most valued design attributes. Taken together, these findings underscore the importance of understanding how different societal groups perceive the digital euro and of tailoring communication strategies that adapt to evolving attitudes prior to its launch.

How Technology Phases Shape the Market for Inventions

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Keywords: technology cycles; market for patents; innovation strategy; follow-on R&D

JEL: O32

Abstract

Technological cycles reshape industries, pushing firms toward innovation as technologies evolve through emergence, growth, and maturity. Because much technological knowledge is protected by patents, markets for technology have expanded, yet little is known about how these markets function across cycle stages. This paper analyzes U.S. patents (1985–2015) to link technology cycle phases to patent trading intensity and firms' motives for acquiring patents. Using established methods to classify technologies by life cycle stage and track renewal and transaction histories, we examine trade hazards and post acquisition use. The study contributes to research on patent markets and technology cycles while offering managerial insights on strategic patent trading

Session C9: Environmental Regulation, Emissions and Firm Behavior

Moderator: Eleonora Sfrappini

Economic and Environmental Efficiency of Air Transport under the EU ETS: A Systematic Survey and Research Framework

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Keywords: EU Emissions Trading System (EU ETS), Aviation, Environmental Efficiency

JEL: G52, G53,. L93

Abstract

The inclusion of aviation in the European Union Emissions Trading System (EU ETS) represents a key policy instrument for addressing the sector's growing contribution to climate change. Despite its central role in European climate policy, empirical evidence on the effectiveness of the EU ETS in aviation remains fragmented, methodologically heterogeneous, and often difficult to compare. This paper provides a systematic survey of the literature examining the economic, environmental, and operational efficiency impacts of market-based climate policies in air transport, with a particular focus on the EU ETS. Drawing on a structured review of 31 academic and institutional studies, the paper classifies existing research according to policy orientation, level of analysis, and methodological approach. The review covers econometric analyses, system dynamics and simulation models, machine learning and hybrid methods, as well as descriptive and conceptual contributions. The comparative synthesis reveals that the EU ETS is more consistently associated with gradual improvements in airlines' operational efficiency—such as reductions in fuel and emissions intensity—than with immediate and absolute emissions reductions. At the same time, the literature highlights substantial heterogeneity in outcomes, reflecting differences in airline characteristics, market conditions, and regulatory environments.The findings further indicate that methodological diversity and data limitations constrain the ability to draw causal inferences regarding policy impacts. Overall, the survey suggests that emissions trading schemes alone are unlikely to deliver deep decarbonization in aviation and should be complemented by additional policy instruments, including sustainable aviation fuels, technological innovation, and supportive regulatory frameworks. Synthesizing fragmented evidence and key research gaps, this paper enhances understanding of market-based climate instruments in Aviation.

Regional Technological Capabilities for Climate Change Adaptation and the potential for environmental resilience in Attica

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Keywords: resilience, climate adaptation, green patents, relatedness, regional development
JEL: Q54, Q55, O33, R11

Abstract

Building regional resilience to climate change requires place-based strategies that align adaptation needs with existing technological capabilities. Europe's southern regions, including Greece, face acute climate risks while exhibiting persistent structural weaknesses in innovation performance. This paper examines whether European regions develop a relative technological advantage in climate change adaptation by building on related pre-existing capabilities, consistent with a regional branching framework . Using EPO patent data from the OECD REGPAT database for 246 EU regions over 2010–2023, we identify climate adaptation technologies through the CPC Y02A classification and quantify regional specialization via Relative Technological Advantage (RTA). We compute regional relatedness density to assess how proximity to existing knowledge bases affects entry into adaptation technologies. Our results show that higher relatedness density significantly increases the probability of developing an RTA in climate adaptation, although this potential does not always translate into high patent volumes, reflecting path dependency and structural constraints. Focusing on Attica, we find moderate relatedness density and modest innovative output, consistent with national innovation system limitations. We contribute by mapping Attica's Regional Climate Adaptation Plan priorities to key Smart Specialization Strategy pillars, demonstrating how targeted, capability-aligned policies can unlock climate adaptation innovation and enhance regional environmental resilience.

Procuring Pollution? How Government Spending Shapes Firms' Emission Decisions

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Keywords: public demand, public procurement, credit supply, financial constraints, emission intensity, transition risks

JEL: D25, G21, G31, H57, Q54

Abstract

Public procurement can serve as a channel for credit access, which in turn can influence firms' environmental performance. The direction of this effect is ex-ante unclear. On one hand, firms with more government contracts may face weaker incentives to behave more sustainably. On the other hand, improved access to credit—particularly for financially constrained firms— can support investment in greener technologies. This paper investigates whether firms that rely more heavily on public procurement adjust their emissions differently in response to climate policy shocks. Preliminary results suggest that firms with greater dependence on government spending exhibit increased emission intensity when transition risk rise.

Session D9: Urban Economics, Labour Markets and Firm Performance

Moderator: Paolo Sospiro

On the Implementability of the (Stable) Socially Efficient Resolution of the Bargaining Problem of the Negative Externalities from Production to Consumption in an Urban Setting. An Egalitarianly-Equitable Walras-Nash-Coase General Equilibrium Theoretical

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Keywords: Cities off the Grid, Negative Externalities (Spillovers) from Production to Consumption, Semi-Spatial Competitive (Walrasian) General Equilibrium, Starrett Impossibility Theorem, Coase Theorem, Nash Bargaining Solution, Pigou (Net) Taxes, Labor Markets, W

JEL: D5, D6, D7, H2, R00

Abstract

In a city that equilibrates under the neoclassical tenet of the (what is here understood as a semi-spatial) Walrasian (1873) general equilibrium, the theme of the negative externalities (or spillovers) from production to consumption is revisited, probed and polished. Under a rigorous formulation of this topic, more accurately, an implementable Pareto optimal resolution of the associated with these externalities Coasean (1960) bargaining problem is theoretically introduced and installed. In particular, the paper: (i) upon the income inequality of the households that emanates from the labor markets of the city, avails itself of the local real estate markets, in which the negative production-to-consumption spillovers are inversely capitalized, (ii) deploys, with formality and precision, a very simplistic and (empirically) tractable version of the mathematical-economic machinery of the competitive general equilibrium theory, and (iii) displays and establishes theoretically a Nashian (1950a) channel through which the Coase Theorem can be self-applied urbanely in order to resolve (i) socially efficiently-optimally and (ii) egalitarianly-equitably the familiar thorny issue of the negative spillovers. The paper, in other words, constructs a Walras-Nash-Coase theoretical scheme that is navigating the city to escape from the maze (or the trap) of externalities it has fallen into. All the analysis is (instructively) conducted in a city which is (i) isolated from the rest of the world and (ii) decentralized. A city which opts, as a consequence, to rely exclusively on its (own) private (and only) ideals, resources and forces. The paper theoretically informs and advices, therefore, the local (and the central) policy maker towards a minimalistic socio-economic activation. A next round with empiricism, with regards to the theoretical findings of this paper, is being longed for, and is in transit

Urban Transport and Economic Vulnerability: Commuting Time, Unemployment Risk, and Household Income Composition in Europe

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Keywords: Urban Transport, Commuting Time, Unemployment Risk, Labor Market Outcomes, Job Accessibility, Residential Location, Spatial Mismatch, Multinomial Logit, European Labor Markets, European Social Survey

JEL: J61, J64, R23, R41, O18, A10, B20, C30

Abstract

This paper studies the relationship between commuting time and labor market vulnerability in Europe. Using individual-level microdata from multiple rounds of the European Social Survey, we examine whether longer travel-to-work time is systematically associated with higher unemployment risk and with shifts in the composition of households' main income sources away from wages toward non-wage income. Motivated by job-search theory and spatial mismatch frameworks, we interpret commuting time as a measure of spatial frictions that raise effective job-search and job-maintenance costs by reducing job accessibility and constraining effective labor supply. Empirically, we estimate linear and multinomial logit models linking commuting time to unemployment outcomes and to the household's main income source, controlling for individual demographics, education, health status, residential location, survey-wave effects, and country fixed effects. Statistical inference is based on standard errors clustered at the country level. We document a robust and statistically significant association between longer commuting time and a higher likelihood of unemployment, as well as an increased probability that households rely primarily on non-wage income sources, including unemployment benefits and social transfers. These associations are economically meaningful and display substantial spatial heterogeneity: the commuting gradients are markedly stronger in rural areas and urban peripheries than in dense urban cores. The results are stable across alternative specifications and robustness checks. Overall, the findings highlight transportation accessibility as a central correlate of labor market performance and economic inclusion. While the analysis is associational, the evidence suggests that policies reducing commuting burdens and improving job accessibility may contribute to stronger employment attachment and greater economic resilience across European regions

The impact of sustainable certification on firm environmental and economic performance

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Keywords: Certifications; Circular Economy; Sustainability; Small and Medium Enterprises.

JEL: L25; L60

Abstract

Despite the growing research interest in the benefits of sustainability certificates to businesses, their impact on financial performance is still unexplored. To fill this gap, this study explores data from a large dataset of certified firms located in Italy, to analyze the effect of sustainability certificates on key performance indicators. Using a novel dataset of about 110 thousand certificed firms, we employ difference-in-differences and propensity-score matching methodologies to assess the effects of these sustainability certificates on firms' profitability, financial stability, and growth. We also assess the performance of firms operating in solid waste technologies sectors. The findings show that certified firms can increase their sales and productivity compared to competitors. Firms adopting sustainability certifications also prove to be more performing and more resistant to external shocks, such as the COVID-19 pandemic. Results also shows thats sectors more willing to adopt certifications are also those more dynamic in terms of new firm creations and survival. The study highlights the need for policy support, such as financial incentives and streamlined certification processes, to enhance SME performances, resilience, and promote broader sustainability adoption in Italy's business environment.

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