

The FEEM committee consisting of Martin Cripps (University College London), Isabel Correia (Banco de Portugal), and Matteo Manera (FEEM and University of Milano) has awarded the 2014 FEEM awards to the following three papers:

“Natural Disaster, Policy Action, and Mental Well-Being: The Case of Fukushima” by Jan Goebel, Christian Krekel, Tim Tiefenbach and Nicolas R. Ziebarth

Awarded to Christian Krekel, German Institute for Economic Research (DIW Berlin).

The contribution of this paper is the investigation of one of the surprising consequences of a natural disaster that occurred on March 11 2011. On that date a tsunami precipitated one of the worst nuclear accidents in history at the Fukushima Daiichi plant.

This paper investigates the impact of this natural/man-made disaster in Japan on people’s mental well-being in Germany, although the population of Germany were unaffected by the physical consequences of the disaster and were over 5000 miles away. It focuses on measuring the impact of the Fukushima nuclear disaster on the mental well-being of the German population in a broad sense rather on the data collected by German Socio-Economic Panel Study (SOEP v28). Remarkably, it finds these were substantial and that the mental well-being costs were only abated when the government of Angela Merkel temporarily shut down the oldest nuclear power plants in Germany.

This is an outstanding and timely contribution that is fascinating and likely to acquire a very broad readership. Serendipitously, the topic explored by the paper is explicitly related to some key directions along which research at FEEM has evolved during the last twenty years, namely energy, environment and climate change. The main strengths of the paper are: The energy and environmental policy implications it successfully derives. The use of a data set based on micro and panel data. Its innovative use of measures of mental well-being. The strength of its econometric findings. The effort expended on comprehensive robustness checks of the results obtained with the baseline regression model.

This paper was awarded an outstanding grade by the programme committee.

“Asymmetric Labour Market Reforms and the Wage Growth of Fixed-Term Contracts: Does Learning about Match Quality Matter?” by Marta Silva

Awarded to Marta Silva, ISCTE-IUL (University Institute of Lisbon) and BRU-IUL

This paper focuses on a reform of employment protection legislation that occurred between 2004 and 2008 in the Portuguese labour market. These reforms made fixed-term contracts more common by permitting longer fixed-term contracts and extending markets in which they could be used. By some measures this was the most radical weakening of employment protection in Europe. This resulted in doubling in the share of fixed-term employment contracts and a decline in the rate at which fixed-term contracts were converted into permanent ones.

Temporary employment contracts play two main roles in labour markets: they allow employers to adjust employment more easily to cyclical shocks and they allow employers to experiment and learn about a worker’s benefit to the firm before permanently hiring. This study uses great care in attempting to ascertain which of these two effects were occurring in Portugal as a result of this policy change. It studies the earnings growth of workers who have their fixed term contract converted into a permanent one. It found that male workers in this

class tended to experience fast earnings growth after the temporary contract was over giving them earnings comparable with workers on permanent contracts. This substantiates the learning hypothesis for male workers. However, for female workers there was no rapid growth in earnings when permanent contracts were substituted for fixed term ones. Thus it appears the experimentation hypothesis fails for women.

This paper was awarded an outstanding grade by the programme committee.

“Do Financial Incentives Affect Fertility—Evidence From a Reform in Maternity Leave Benefits” by Anna Raute

Awarded to Anna Raute, University College London and University of Mannheim.

This paper assesses the effects of a change in maternity benefits policy that occurred in Germany 2007 and how it impacted fertility. Prior to 2007, maternity benefits in Germany were targeted at lower-income families and largely independent of family income. This is in contrast to the Nordic countries where parental leave benefits are related to the parents' pre-birth earnings. A maternity benefit system similar to the Nordic one was introduced in Germany after 2007 and as a result higher maternity benefits were paid to higher earning women. This paper describes the effects of this policy. First, it finds evidence that there was a discontinuous jump in monthly birth rates nine months after the reform was introduced. This applies both for first children and for the second and third children. There is, moreover, evidence of a reduction in the number of abortions of married women. Secondly, the paper shows evidence that the reform increased birth rates for women at the top end of the earnings distribution and showed a reduction at in the expected age at which highly-educated women have their first child.

Demography, namely fertility, and its links with current economic developments is a really topical issue that needs a better understanding. Many developed countries (such as Italy in Germany) have faced decreasing birth rates, low replacement ratios and declining populations. This paper tries to find how fertility can be affected by a particular type of incentives. It takes great care with its empirical work employs a sophisticated identification strategy to determine the effects observed come from women at the higher end of the earnings and education distributions. The paper has a nice balance of theory and empirics. The results should help to European policy makers design more effective policies on these issues.

This paper was awarded an outstanding grade by the programme committee.