

MEA CSWEP Session Summaries

CSWEP Sessions at the 2009 Midwest Economics Association Meetings

Session 2g: CSWEP: Topics in Finance Friday, March 20, 10:00 a.m. - 11:45 p.m.

Chair: Urvi Neelakantan, University of Illinois at Urbana-Champaign

Measuring the Efficiency of Financial Inputs for Entrepreneurship presented by **Lakshmi Balasubramanyan** (Indiana State University; Theodore Alter, Pennsylvania State University)

Discussant: Jerry Marshke (Harvard University)

Summary: This paper attempts to measure the efficiency with which financial inputs generate entrepreneurial outputs. The authors develop a metric that can be used to measure how efficiently credit inputs translated into entrepreneurial outputs. A linear programming approach is used, which allows the authors to do simulations to determine which inputs can be used more efficiently, thereby moving the sector closer to its efficiency frontier. Small Business Administration and Federal Deposit Insurance Corporation data are used at the state level. The authors are able to rank states by efficiency score, then use their model to determine whether changes in inputs (e.g., number of bank offices, number of bank employees, total salary expense, fixed assets and premises) will improve entrepreneurial outputs (e.g., total number of firms, establishments, employment, annual payroll). Jerry Marshke's comments focused to areas where the authors may push the model. First, they should obtain other input measures that target specific sources of capital. Second, the authors should eliminate employment from the output side since it is not a true measure of efficiency in this context.

Household Bargaining and Portfolio Choice presented by **Urvi Neelakantan, Angela Lyons and Carl Nelson** (University of Illinois at Urbana-Champaign)

Discussant: Silvia Prina (Case Western Reserve University)

Summary: This paper examines the influence that differences in preferences and bargaining power have on the allocation of a family's household portfolio. For instance, how do spouses allocate savings between risky and risk-free assets? In this paper, bargaining power is proxied by the years of education that each spouse has. The authors use a simulation (rather than parametric) process to solve the model, using Health and Retirement Study data. The model predicts that: (1) the level of risk aversion and bargaining power determine the household portfolio allocation; and (2) household wealth has a positive influence on the share of the risky assets in the household's portfolio. Silvia Prina commented on this paper, suggesting that it would be interesting to try other proxies for bargaining power. She also suggested that the model should be tested on a younger population, possibly by using the PSID dataset.

Diversion as a Screening Tool in Principal-agent Models with Private Information presented by **Jennifer Steele** (Washington State University)

Discussant: Shreemoy Mishra (Oberlin College)

Summary: This is a theoretical paper on the incentives that principals can offer agents to get a task completed on time. Some agents are shirkers while on the job or they may agree to do the project then abrogate their responsibilities, terminating their services. The model, therefore, develops the optimal program—a set of payments and timing of those payments. Shreemoy Mishra commented on the paper, giving several illustrations of applications of the model particularly when corruption is present.

Friday, March 20, 11:45 a.m. - 1:15 p.m.: The CSWEP Luncheon and Business Meeting.

More than 40 people attended the MEA CSWEP luncheon. Standing in for Anna Paulson (who organized the luncheon), Kaye Husbands Fealing introduced herself as the new MEA CSWEP representative and she shared information about the organization's structure and activities.

Attendees were particularly interested in the CSWEP mentor program. They were encouraged to begin scoping out the papers that could be submitted for the upcoming 2010 MEA CSWEP meetings in Chicago.

Session 4j: CSWEP: Gender, Education and Labor Markets, Friday, March 20, 3:15 p.m. - 5:00 p.m.

Chair: Mary Hamman (Michigan State University)

Making Time for Well-Baby Care: The Effect of Maternal Employment and Paid and Unpaid Time Off presented by **Mary Hamman** (Michigan State University)

Discussant: Yee Fee Chia (Cleveland State University)

Summary: This paper attempts to determine employment effects on the frequency of well-baby visits to pediatricians by mothers. Data on well-baby visits show that visits to pediatricians decline steadily within the baby's first year of life, especially after the third month. The Medical Expenditure Panel Survey data show that the average 12-month old baby has received less than two well-baby visits to their pediatrician. A mother's ability to take time away from work (time cost) is a critical factor in this phenomenon. Hamman finds that mothers who work more than 14 hours per week are less likely to be able to accompany their children to the pediatrician's office particularly for preventative care. The policy question is, therefore, are there employee benefits that can help with well-baby care and visits to doctors? For example, access to paid vacation leave is one means by which this time cost problem is alleviated. Yee Fee Chia suggested that the author explore other modeling and dataset options to determine whether the findings are robust.

Do Female Faculty Influence Female Students' Choice of Undergraduate Major? Presented by **Basit Zafar** (Federal Reserve Bank of New York), **Yi Qian** (Northwestern University)
Discussant: Ye Zhang (Indiana University-Purdue University Indianapolis)

Summary: The premise of this paper is that the presence of female faculty in a department has a positive effect on the number of female majors in that department. The authors use the Computer Aided Science Policy Analysis and Researcher panel dataset for the years 1976-1987. They find a statistically significant positive effect of the proportion of female faculty on female students for the field of engineering—a field with a relatively low proportion of female to male faculty. This effect disappears when the authors control for prevailing gender stereotypes, suggesting that the channel through which female faculty influence the choices of female students are by serving as "role models" for female students and by negating the "stereotype threat." There is no measurable effect, however, of male faculty members on the choice of male students in female-dominated majors. In discussing the paper, Ye Zhang encouraged the authors to use other datasets where they will be able to test causality directly.

Collective Action and International Carbon Dioxide Regulations presented by **Nirupama Devaraj** (Valparaiso University), **Suchandra Basu** (Rhode Island College)
Discussant: Kaye Husbands Feeling (Humphrey Institute of Public Affairs, University of Minnesota)

Summary: The authors use panel data for several OECD countries and India to test their hypothesis that median voter activism can lower the growth rate of CO2 emissions. The level of activism in a country is expected to affect median voter preferences, which in turn can influence environmental policy. The results of the study so far give weak support for the hypothesis. The authors are also investigating whether there is a tipping point beyond which voter turnout has a statistically significant effect on the growth of carbon emissions. Kaye Husbands Feeling encouraged the authors to expand their sample to include more years than just 2001-2004 and to consider differences in the effects of voter activism if countries are late-comers or developed countries.