Statement of Research Interests

Andrés Ham-González

http://publish.illinois.edu/andresham

I am an applied economist with specific interests in labor and development economics. The broad theme of my research is understanding how institutions and public policies affect educational and labor market decisions in developing countries. My dissertation studies the effects of minimum wage increases on labor market outcomes and poverty, analyzes whether information on the net benefits of higher education motivates college enrollment, and examines the robustness of difference-in-difference estimators in the presence of spatial correlation.

In my job market paper, I estimate the net consequences of Honduran minimum wage policy on labor market outcomes and poverty. The study uses thirteen household surveys from 2005-2012 as repeated cross-sections. Similar to other countries, Honduras sets high minimum wages, weakly enforces them, and has a segmented labor market with covered (formal) and uncovered (informal) sectors. I take advantage of the policy’s structure and recent changes to achieve identification: the existence of a system with multiple minimum wages, institutional changes in the number of minimum wages, and a large increase (≈60%). Unlike previous work that often uses a single shock, I exploit several sources of variation in multiple minimum wages to estimate their net effects. Consistent with economic theory, I find that a 10% increase in minimum wages lowers the likelihood of covered employment by 8% and increases the probability of uncovered sector employment by 6%. The residual corresponds to individuals who remain unemployed. My results also indicate that households with many uncovered workers are more likely to be poor after minimum wage hikes. I conclude that minimum wage increases have greater costs than benefits in contexts with high minimum wages, weak enforcement, and segmented labor markets.

My second dissertation chapter studies the role of information on returns and funding opportunities for college on higher education enrollment. Two co-authors and I received a grant to conduct a randomized controlled trial in Bogotá, Colombia. I helped implement the experiment on more than 6,000 students in 116 schools at two points in time. We find that relative to credit constraints and academic requirements, information disclosure does not raise college enrollment. However, it does lead students with less binding restrictions to attend more selective universities.

In the last chapter, I explore the robustness of impact evaluation methods used to measure the effects of randomly allocated interventions when there is spatial correlation across randomized groups. It is important to understand the benefits and drawbacks of these statistical tools to guarantee rigorous analysis that stands up to replication, especially when the results are used as input for policy purposes. With a co-author, I test the performance of difference-in-difference estimators on simulated data that is spatially correlated, finding potential bias and large efficiency losses that wrongfully result in a lack of statistically significant effects or false negatives.

My short-term interests lie in better understanding what leads people into and out of the informal economy. Recent research argues that some individuals choose to be in the informal sector, while others find themselves in the informal market because they are involuntarily excluded from the formal sector. Using a module from the Colombian experiment, I plan to study what high school students know about informality, if they are willing to accept jobs in that sector, and the reasons
why. I intend to match student data to administrative employment records to explore how outcomes differ from stated preferences. I expect the results of this research to shed further light on intra-household labor decisions and the school-to-work transition in developing countries.

I also plan to study the role of public policies on educational outcomes. Using administrative data from Colombia, two co-authors and I will investigate whether promotion criteria have asymmetric effects on school dropout and test scores. In 2002, an automatic promotion policy was established that capped grade retention at 5 percent. In 2009, this policy was repealed. Evaluating student responses in both scenarios may generate further knowledge about the benefits and costs of retention on the quantity and quality of schooling received. Another ongoing educational project aims to evaluate the short-term effects of largest schooling reform in Honduras, the *Ley Fundamental de Educación*. This legislation extended compulsory schooling, prolonged the school year, decentralized school management, and modified certification and promotion criteria. At the same time, the Secretary of Education has released student-level longitudinal records. This unexplored data provides an opportunity to analyze the immediate consequences of this broad reform, both intentional and unintentional. Findings from this study will help characterize the strengths and weaknesses of this measure, while also identifying the remaining educational challenges in Honduras.

I intend this body of work to contribute to academic and policy circles. Research on key issues that affect people’s livelihoods in developing countries, such as education and employment, will help understand and guide the development process. Ensuring that these studies use rigorous methods that others can replicate, whether they are natural, policy, or randomized experiments, is fundamental to ensure that economic research maintains its high standards and the resulting findings become valuable input for future policies.