

# RESEARCH

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*Different career steps – same passion.*

## Passion for economics

David Hémous recently received a prestigious grant from the European Research Council, while Urša Krenk just started her doctoral studies at the Zurich Graduate School of Economics. Although they are at different stages of their academic careers, they have one thing in common: their passion for economic research. For this newsletter, they sat together to talk about their research interests and projects. *Urša Krenk*

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**Urša Krenk:** First of all, congratulations on winning the ERC grant! But before we talk about the grant, could you tell me more generally about what your research focuses on?

**David Hémous:** Sure. Generally, my research is about innovation and its role in the long-run trends in the economy. Specifically, I am interested in how innovation affects climate change policy, and in the relationship between innovation and inequality.

**Urša:** Does the ERC grant you won touch upon these two topics as well?

**David:** Yes, exactly. The goal of my research plan is to give a quantitative account of the two-way relationship that exists between income and automation. On the one hand, automation may affect income, because we replace workers with machines and that will reduce those workers' wages. At the same time, however, one would also expect that wages affect the incentives to introduce automation innovations; if wages are higher, the incentive to introduce innovations of this type is greater, since they are going to reduce the firm's cost. In this project, I aim to combine these two mechanisms with the final goal of finding answers to relevant policy questions. For example, I am interested in finding out whether an increase in the minimum wage in a country may or may not be canceled out in a couple of years through the effects of automation.

**Urša:** How long is the horizon of the grant?

**David:** It's for five years. It's almost a length of a PhD. Speaking of PhDs, what are your first impressions here?

**Urša:** So far, so good, I would say. The first year involves mainly coursework and my classmates and



David Hémous holds the Professorship of Economics of Innovation and Entrepreneurship, endowed by the UBS Center.

His work centers around economic growth, international trade, and environmental economics. In particular, he has worked on the role of innovation on climate change policies, the long-term growth impact of countercyclical fiscal policy, the labor adjustments to international trade, and the impact of relational contracts on innovation.

Hémous was awarded the EU's coveted ERC Starting Grant in 2018, worth approx. 1.3 million euros for his project on economic growth and income inequality.

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I am currently taking compulsory courses in economic theory. These courses are quite difficult, but together, we are coping well with the challenges. I think your experience in a PhD program depends a

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Urša Krenk is a UBS Center Scholarship holder who started her doctoral studies at the University of Zurich in 2018. She joins us from Princeton University, where she worked as a research assistant at the Department of Psychology. Prior to that, she gained experience working for nonprofit organizations in Uganda and Kenya and at the Directorate of Competition at the EU Commission. She holds a Master's degree in Economics from the Barcelona Graduate School of Economics.

In addition to her passion for economics, Urša successfully pursued the dog sport Agility – in 2009 she reached second place at the World Championships with her dog Lu – and she likes to travel the world, capturing her experiences in astounding pictures.

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lot on your peers, and everyone in our cohort gets along very well, which makes the learning environment very pleasant and motivating.

**David:** And what kind of research would you eventually like to pursue?

**Urša:** The general theme of my research so far has been how to design policies to empower historically disadvantaged groups of people. I have been particularly interested in studying how to reduce gender inequality. During my master's, for instance, I co-authored a paper with another student in which we explored how modifying the format of multiple-choice tests impacts the gender test score gap. During my doctoral education, I would like to continue exploring interventions to address the gender performance gap.

I also am interested in examining ways to reduce the incidence of intimate partner violence (IPV), which is both a cause and a consequence of gender inequality. For my master's thesis, my colleagues and I analyzed demographic and health surveys data to examine the predictors of gender differences in perception of IPV in Rwanda. What we found striking was that in a lot of Sub-Saharan countries, including Rwanda, more women than men perceive IPV to be acceptable. This difference suggests the likely importance of descriptive and prescriptive norm perceptions and attitudes. Further, I am interested in how exposure to crime can influence people's labor market outcomes.

As you can see, I like interdisciplinary work. So my future research topics will probably lie somewhere at the intersection of psychology, political science, and economics. Luckily, I still have some time to refine my research questions.