

**NEWSLETTER 2019-18****CALENDAR:****Lunch Seminar**

Dominik Sachs (University of Munich):  
*The Indirect Fiscal Benefits of Low-Skilled Immigration*

Wednesday, July 24  
12:00–13:30  
VG 2.35

**IOS Seminar**

Milena Nikolova (University of Groningen):  
*Stalin and the Origins of Mistrust*

**Special Date**

Thursday, July 25  
13:30–15:00  
WiOS 109 (Landshuter Str. 4)

## ABSTRACTS:

### Lunch Seminar

Dominik Sachs:

#### *The Indirect Fiscal Benefits of Low-Skilled Immigration*

*Abstract:* We explore how low-skilled immigration indirectly affects public finances through the effect on wages and tax payments of natives. We derive a simple transparent formula for this indirect fiscal effect for the canonical model (college and high school labor as imperfect substitutes) and for alternative settings that have been considered in the empirical immigration literature. Based on existing estimates of the wage effects and a careful calibration of marginal tax rates, we show that one low-skilled immigrant adds between \$500 and \$1,500 annually to U.S. public finances through this channel.

### IOS Seminar

Milena Nikolova:

#### *Stalin and the Origins of Mistrust*

*Abstract:* We show that current differences in trust levels within former Soviet Union countries can be traced back to the system of forced prison labor during Stalin's rule, which was marked by high incarceration rates, repression, and harsh punishments. We argue that those exposed to forced labor camps (gulags) became less trusting and transferred this social norm to their descendants. Combining contemporary individual-level survey data with historical information on the location of forced labor camps, we find that individuals who live near former gulags have low levels of social and institutional trust. Our results are robust to a battery of sensitivity checks, which suggests that the relationship we document is causal. We outline several causal mechanisms and test whether the social norm of mistrust near gulags developed because of political repression or due to fear that inmates bring criminality. As such, we provide novel evidence on the channels through which history matters for current socio-economic outcomes today.

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Wednesday, July 24 – 11 am

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