

# My journey to becoming a labour economist



I ended up in an undergraduate economics degree a bit randomly to be honest. However, it was very fortunate as I have ended up doing what I am truly passionate about: research and teaching.

One of the key events that shaped my life choices, whether consciously or unconsciously at the time, happened precisely during my last year of high school when I had to choose my university degree. I sadly lost my older brother due to an overdose. I suppose that in a quest to try to understand why, despite my brother and I being so alike, I was going to uni and he was gone – and aiming to understand how to prevent this happening to other people at risk – I initially enrolled in psychology.

Unfortunately, I soon got quite disappointed with the state of the psychology field at the time, as many of the theories we were taught were merely philosophical and based on anecdotal evidence. Instead, I expected more of a recipe-like-science, where you diagnose someone with specific symptoms and implement the appropriate method

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Dr Marian Vidal-Fernandez is a labour economist who uses empirical microeconomic techniques to study how people develop their human capital. She is particularly interested in understanding how the experiences of disadvantaged children can affect their adult outcomes.

Among her various research projects, Marian has investigated the link between high school students' driver license entitlements and graduation rates, the contribution of grandmothers to childcare provision, the effect of birth order on children's outcomes, the impacts of experiencing the death of a sibling, and the link between personality traits and productivity. Marian's research has been published in high-ranking academic journals including *The Economic Journal*, the *Journal of Human Resources* and the *Journal of Economic Behaviour and Organisation*. Her work has also attracted significant media attention and featured on a range of media outlets such as the BBC and ABC, and in *The Guardian* and *Forbes*.

Here, Marian shares her journey towards becoming a labour economist, stemming from her curiosity in psychology and a quest to understand others.

to aid them get out of a harmful situation. I was angry with the world at the time and I could not understand why different therapy styles could be chosen so arbitrarily without any evidence-based research. Ironically, as part of my current work, I now praise and often borrow, cite and use clinical psychology research. But at the time, I could not see the light at the end of the tunnel and I only really enjoyed statistics and psychobiology as these were the only subjects that put some order into the world.

Dropping out of psychology was inevitable, but choosing another career was not easy. My main worry was that I would make another mistake. But one thing I had clear in my mind: I was not

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interested in trying to understand and help people unless I had the necessary skills and the tools that I was confident in.

With a couple of business ideas in mind, I steered in a new direction and tried to enrol in a business degree and start my own company. However, my HSC-equivalent score was not high enough to enrol at the university of my choice. So, instead, I did economics, with a plan to switch degrees or do a double degree later on. Luckily, early on I realised that I was definitely more interested in economics than in business. Economics seemed to put some order in the world.

During the third year of my economics degree, I wanted to engage in an abroad experience in Europe but – randomly again – I ended up doing a development project in Nicaragua. Experiencing such a deep degree of poverty first-hand was eye-opening and made me really want to investigate the origins of such a widespread problem. This experience inspired me to dedicate my career to research, and, specifically, to identifying the possible ways in which people fall into poverty traps.

After receiving some good advice from my uni professors, I decided to enrol in a PhD in Economics in the United States. Probably due to my own background, but also partly because I was now gaining more exposure to labour economics, I soon realised that I was more interested in, and could better relate to, the issue of poverty traps in developed countries. So, in some way, I returned to my initial intention when I first enrolled in psychology: to try to understand the problems that disadvantaged individuals face. But now, I had an econometric toolkit under my arm.

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some order in the world.*

I came to this realisation thanks to a professor who would become my advisor, Kevin Lang. In his class, I got the first chance to get my hands dirty with data, as we were required to replicate a paper and develop an extension. I also got a chance to choose a topic. One of the first things you learn as a labour economist – even though you probably already know it intuitively – is the importance of education as a way for people to get out of poverty traps. In addition, more educated people make better citizens, as education also positively influences your health, makes you less likely to commit crime and makes you develop into a better citizen in general.

In my extension paper, I wanted to know the extent to which “conditioning” certain privileges to teenagers who are at risk of dropping out of high school could be a relatively cheap and effective way to prevent them from leaving school and therefore increase their educational levels. The U.S. has a great set-up to study this research question, as some states require students to be enrolled and/or obtain a minimum academic standard, as a condition that must be met if they want to enrol in athletic activities or apply for a driving license.

In this project, and another follow-up paper that I co-authored with Rashmi Barua, we find that such policies are not only effective in increasing the likelihood of students finishing school, but that these policies are particularly effective among minority groups and males, who are more likely to be the ones who drop out and end up in prison. In a spin-off paper, we also find that having these so-called ‘No Pass No Drive laws’ in place also decreases crime rates among teenagers. This is an interesting and policy-relevant finding because – despite these laws restricting the rights of teenagers and being subject to criticism – they are very cheap to implement.

This finding also complements existing literature on the incentives, as randomised-control trials have shown that attempting to incentivise children to attend school or to improve their performance by offering financial payments tends to be more effective among females than males. The core of our research is that policymakers need to focus on the factors that have value to the individuals whom they are targeting. The entitlement to drive a car holds strong currency among males, and can therefore be more strongly incentivised to change their behaviour. These findings exemplify how psychology can be used by economists to design effective policies and tap into the right incentives for the individuals you are trying to help.

A highly related randomised-control study is currently being undertaken in Australia by Juliana Silva Goncalves, Uwe Dulleck and Azhar Potia (Queensland University of Technology) and funded by an ARC linkage grant. This study offers support for students – such as classes to obtain their driving licenses – to Aboriginal and Torres Strait Islander students in four selected high schools. The support is offered to students as a reward for achieving a school attendance rate of at least 90%. The study aims to measure the effect of the program on educational and labour market outcomes.

As an academic, you are generally valued in the profession by the quality of your publications, especially because the quality and security of your job depends on this. Unfortunately, this sometimes makes you forget why you chose this profession in the first place. As economists say: everything is about incentives really! But one of the things I am most proud about in my career is learning that our study was cited in the Commission of the Senate's Committee of Nevada and Guam when they were deciding whether to pass this law or not. This was evidence that our economic research was being employed for real policy-making, and potentially helping to improve people's life outcomes.

The same thing happens with teaching: we often get lost in the abstract world of academia and regardless of how you feel about teaching, you need to keep your research up to the highest standard. Thus, it is very tempting to underinvest in your classes. But it just feels amazing to realise that you have helped one of your students to turn on that lightbulb that was already there, to enable them to pursue their own ideas and see them grow. It is just priceless. Moreover, since I study

human capital, my teaching helps me understand how the learning process works, which complements my research at the same time.

Although economics does change your way of thinking and can help you make decisions more strategically about almost every aspect in your life, new literature in economics also teaches us that we are ultimately erratic human beings behaving irrationally most of the time. If we can aim to get a better understanding of the seemingly irrational behaviour of human beings, then we can design better policies to help them and improve their wellbeing, and pass this acquired knowledge and passion to our audiences. This realisation shaped my decision to change career paths, and now shapes my approach to my research and teaching.

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Marian's recent research papers include:

- "No Pass No Drive: Education and Allocation of Time"
- "The Effect of Minimum Academic Requirements to Participate in Sports on High School Graduation"
- "Grandparents' Childcare and Female Labor Force Participation"
- "The Early Origins of Birth Order Differences in Children's Outcomes and Parental Behavior"

Listen to Marian being interviewed on Weekend Sunrise about her research into birth order effects:  
<https://au.tv.yahoo.com/plus7/sunrise/video/watch/33119165/the-birth-order-effect/>

Marian's full publication list can be found at:  
<http://www.marianvidalfernandez.com>