

## Research Seminar Series in Economic Sciences, 2024 - 2025

Speaker: Dr. Christos A. Makridis, Visiting Professor | Institute for the Future, University of Nicosia



Title: "The Local Effects of Artificial Intelligence Labor Investments: Evidence from the Municipal Bond Market"

Date & Time: Wednesday, October 16th, 2024, 14:00 - 15:30

**Place:** Grypario Megaro (Sofokleous 1) | 4<sup>th</sup> floor | Lecture Hall "Kosmas Psychopedis" (416)

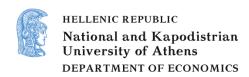
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## Abstract:

We investigate the economic impact of artificial intelligence (AI) technologies on municipalities by leveraging spatial variation in labor investments in AI. Employing an instrumental variable analysis, difference-in-differences regressions and an entropy balancing approach, we identify causal effects while controlling for economic conditions and demographics. We find that increases in labor investments in AI within a county lead to lower yields, something that prompts municipalities to issue longer-term bonds. Qualitatively similar results that exploit the introduction of ChatGPT, further support causality. Differential effects on economic activity and government revenues, due to labor investments in AI within a region, suggest an economic revitalization channel.

Organizers: Dimitris Kenourgios, *Professor*George Dotsis, *Assoc. Professor*Frago Kourandi, *Assist. Professor* 

Thank you.



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