



Stockholm
University

Institute for
International
Economic
Studies

Annual Report
2021

© Institute for International Economic Studies (IIES)

Stockholm University

SE-106 91 Stockholm

SWEDEN

www.iies.su.se

ISSN 1104-4195

Design: Hanna Weitz/IIES, Stockholm University

Text: Institute for International Economic Studies (IIES)

Print: Elanders Sverige AB

Photos: IIES, Stockholm University, Miriam Bratt (photo of Mattias Hallberg), Antonia Maassen (photo of Isabella Maassen), Caroline S. Wibling (photo of Peter Svedberg), Victoria Garvare Mahdessian/IIES, Marcus Marcetic/KVA, Niklas Björling and Ingmarie Andersson.

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About the IIES

The Institute for International Economic Studies (IIES) is a research institute at Stockholm University. Founded in 1962, it has become one of Europe's leading institutions in advanced research in economics, broadly defined.

The mission of the IIES condenses the three broad goals of Stockholm University at a top level: to train PhD economists, conduct cutting-edge research, and actively engage in high-level public policy discussions in Sweden and beyond.

The three aims of the IIES are tightly interconnected. For the training of future PhDs and to ensure that any policy advice is updated and based on sound empirical and theoretical grounds, an ongoing close engagement with the international research frontier is necessary. To this end, the IIES researchers themselves engage in research projects aimed at broad international impact.

The PhD students based at the IIES are an integral part of its research environment. A defining feature of the PhD training, which is part of a Stockholm-wide program involving other institutions, is to encourage the students to take on ambitious and challenging questions of broad value to society. Upon graduation, IIES students go on to tenure-track jobs at universities worldwide or positions in government and other organizations. The list of leading Swedish decision makers with an IIES background is long.

The IIES has a global aim with its research. However, its international profile is broader than that. A significant fraction of the faculty as well as the PhD students, along with visiting seminar speakers and researchers, come from a wide variety of countries. The working language at the IIES is English.



Board of Directors

Being a research institute, the IIES has an external Board of Directors consisting of the directors of the IIES, other representatives from Stockholm University and external members. The Board meets twice a year.

Jakob Svensson (Chair), Professor of Economics, Director of IIES

John Hassler, Professor of Economics, Deputy Director of IIES

Susanne Ackum, Researcher at Forum for Reforms, Entrepreneurship and Sustainability (FORES)

Karin Bäckstrand, Professor of Environmental Social Science, Stockholm University

Harry Flam, Professor Emeritus, IIES

Lars Heikensten, Former CEO of the Nobel Foundation

Mia Horn af Rantzien, CEO of the Center for Business and Policy Studies (SNS)

Kerstin Lidén, Professor of Archaeology, Stockholm University

Jonas Nycander, Professor of Meteorology at Stockholm University

Michael Sohlman, Former CEO of the Nobel Foundation



News at the IIES

Ingvild Almås was reappointed external member of the Committee for Monetary Policy and Financial Stability at the Norwegian Central Bank. She also gave the keynote speech at the European Science Association conference in the summer.

Märta Almgren, previously an IIES research assistant, was admitted as a graduate student.

Iacopo Bianchi joined the IIES as a graduate student.

Former research assistant at the IIES, **Dominik Biesalski**, was admitted as a graduate student.

Konrad Burchardi was appointed Associate Editor of the *Review of Economic Studies*.

Lars Calmfors released his memoirs *Mellan forskning och politik - 50 år av samhällsdebatt* (Between Research and Politics - 50 Years of Public Debate), published by Ekerlids förlag.

Tillmann von Carnap visited University of California Berkeley in

the fall of 2021 with a scholarship from the Tom Hedelius Foundation.

Harry Flam was appointed to the scientific advisory board of the Swedish Agency for Growth Policy Analysis.

Former IIES research assistant, **Mattias Folkestad**, was admitted as a graduate student.

Sebastian Tebbe visited Bocconi University from September 2021 to January 2022.

Maija Kaartinen joined the IIES as a research assistant, previous to which she worked as an economic analyst in the financial sector in Stockholm.

Alexandre Kohlhas visited Oxford University during the fall.

Per Krusell started the Center for Monetary Policy and Fiscal Stability (CeMoF) in the spring of 2021, of which he is the director. It is generously funded by Riksbankens Jubileumsfond. It is a joint venture by the IIES, the Department of Economics, and Stockholm Business School, all at SU. The purpose is to support PhD students in the money-finance area, by financing their initial years of study and some guest lecturers.

During January-August, **Carolina Lindholm** was on leave from the IIES to work as Budget Director for the opposition party Moderaterna in the Swedish parliament.

Isabella Maassen joined the IIES as a research assistant from University of St. Gallen in Switzerland.

Patrizia Massner joined the IIES as a graduate student.

Kurt Mitman visited Bocconi University as a Visiting Professor in October 2021. He delivered the keynote address at the San-



tiago Macro Conference. Kurt also participated in the IIES/SNS International Policy Talk: “Economic Responses and Optimal Restrictions to Mitigate COVID-19”.

Laia Navarro-Sola won the EALE Best Poster Award 2021 for her poster presentation: “Secondary School Expansion through Televised Lessons: The Labor Market Returns of the Mexican Telesecundaria”.

Arash Nekoei was granted tenure at the IIES in December.

Arash Nekoei and **Peter Nilsson** (with co-authors) were awarded the Swedish Unemployment Insurance Fund’s (Sveriges A-kassor) research prize for 2021 for their study “Risk-Based Selection in Unemployment Insurance: Evidence and Implications”.



Arash Nekoei and **Peter Nilsson** were appointed Associate Editors at *The Economic Journal*.

Chloe Nibourel became affiliated with Uppsala Center for Fiscal Studies.

Torsten Persson gave a plenary Lecture at the 19th IEA World Congress (a triannual event arranged by the International Economic Association). In his capacity as a Centennial Professor at the London School of Economics, he also visited London for six weeks in October-November.

Vaibhav Rathi joined the IIES as a research assistant having previously been at Stanford University as a research data analyst.

Gustavo de Souza joined the IIES on a one-year Assar Lindbeck Fellowship.

Joshua Weiss joined the IIES as Assistant Professor after a one-year postdoctoral position at the Federal Reserve Bank of Richmond.

Ekerlids Förlag

Mellan forskning och politik



50 ÅR AV SAMHÄLLSDEBATT

Lars Calmfors

Lars Calmfors released his memoirs in 2021.

IIES Staff

There are around 70 people at the IIES consisting of research staff, administrative staff, graduate students and visiting researchers from all over the world.

Administration



Christina Lönnblad
Head of Administration



Karl Eriksson
IT Manager/
Systems
Administrator



Ulrika Gålnander
Administrator



Tove Happonen
Administrator



Hanna Weitz
Administrator &
Communications officer



Otto Jarhult
Research Assistant/
Data Analyst

Research Assistants



Ida Kristine Haavi

Areas of research: Macroeconomics, with a special focus on monetary policy and firm dynamics. This includes firms' forecasting of aggregate economic variables and the connection to corporate finance and investor choices.



Maija Kaartinen

Areas of research: Macroeconomics. Especially the study of climate policy in contexts such as trade and industrial policy and financial market regulation. She also holds a long-term interest in the Chinese economy.



Jinci Liu

Areas of research: Labor and applied microeconomics with a focus on understanding occupational structural change, labor reallocation and intergenerational mobility. She is also interested in using structural modelling to perform ex-ante and ex-post policy evaluation.



Isabella Maassen

Areas of research: Public policy, innovation and international economics, examined from a macroeconomic perspective. Moreover, she is passionate about emerging markets and climate change.



Vaibhav Rathi

Areas of research: The improvement of an individual's economic wellbeing both from a micro and macro perspective: measuring determinants of mobility in emerging economies; interaction between bureaucracy and firm productivity; economic productivity impact from natural disaster (growth vs level).

Second-year Graduate Student



Juan Llavador Peralt

Areas of research: Macroeconomic measurement, distributional macroeconomics, and input-output networks.

Researchers

Here you will find information on the IIES researchers and their different research areas. More extensive information can be found on our Staff pages on the web.



Jakob Svensson, Professor, Director of the IIES
Areas of research: Development economics.



John Hassler, Professor, Deputy Director of the IIES
Areas of research: Macroeconomics and climate change, climate policy.



Ingvild Almås, Professor
Areas of research: Development economics with specific focus on inequality, poverty, household decision-making and early childhood development.



Almut Balleer, Affiliated Researcher
Areas of research: Macroeconomics: Macro-labor, Monetary economics, and Applied Macroeconomics.



Tessa Bold, Associate Professor
Areas of research: Development economics. Currently mainly working on modernization of agriculture.



Timo Boppart, Associate Professor
Areas of research: Macroeconomics with a particular emphasis on long-run macroeconomic questions involving growth, structural change, firm dynamics, labor supply, and economic development.



Tobias Broer, Associate Professor

Areas of research: Heterogeneous-agent macroeconomics, consumption, saving, and risk-sharing, expectation-formation, monetary policy, and investor disagreement.



Konrad Burchardi, Associate Professor

Areas of research: Constraints to agricultural productivity growth as well as the role of credit markets for the allocation of resources in developing countries; the impact of immigration on innovation and growth; and the role of market integration for the process of structural change.



Bet Caeyers, Researcher

Areas of research: Applied microeconomics, development economics, impact evaluation of policies and programs, and child development (early childhood development and adolescence).



Lars Calmfors, Professor Emeritus

Areas of research: Macroeconomics and labor economics.



Mitch Downey, Assistant Professor

Areas of research: Political economics (particularly the influence of money in politics and how divisive politics undermines effective government performance), and labor economics (how large long-run phenomena like technology, trade, de-unionization, and climate change affect workers).



Harry Flam, Professor Emeritus

Areas of research: European economic integration, and trade policy.



Alexandre Kohlhas, Assistant Professor

Areas of research: Seeks to combine information economics with macroeconomics and finance. Special interest in the macroeconomic consequences of information frictions.



Per Krusell, Professor

Areas of research: Macroeconomics broadly defined: long-run analysis on technological change, sustainability, climate change, agriculture and its role in development, inequality, and labor supply as well as short-run analysis on fiscal and monetary multipliers, COVID-19, and labor markets.



Kieran Larkin, Assistant Professor

Areas of research: Macroeconomics, consumption and savings decisions. Macro-labor.



Kurt Mitman, Associate Professor

Areas of research: Macroeconomics broadly defined. Particularly the interplay between heterogeneity and aggregate fluctuations. Monetary and fiscal policy, consumer default policy, asset pricing, sudden stops and housing, and integrated assessment models addressing the COVID-19 crisis.



Laia Navarro-Sola, Assistant Professor

Areas of research: Human capital, education, and labor in developing countries.



Arash Nekoei, Assistant Professor

Areas of research: Labor and public economics. In particular unemployment, immigration and inequality.



Peter Nilsson, Professor

Areas of research: Labor and health economics: human capital formation, child health, labor market outcomes, and unemployment insurance.



Mats Persson, Professor Emeritus

Areas of research: Macroeconomics and public economics.



Torsten Persson, Professor

Areas of research: Focus on political economics. Especially political selection and on development, especially on the two-way relations between institutions, culture, and performance. He also conducts research on the COVID-19 pandemic and its consequences.



Alessandra Peter, Visiting Researcher

Areas of research: Macroeconomics, particularly firms, development, and inequality.



Jonathan de Quidt, Assistant Professor

Areas of research: Behavioral and development economics.



Maria Sandström, Visiting Researcher

Areas of research: Macroeconomics: pension reform and household savings, and industrial economics: the role of intangible capital.



Kathrin Schlafmann, Researcher

Areas of research: Household finance and macroeconomics.



David Schönholzer, Assistant Professor

Areas of research: The efficient provision of public goods, the role of governance, and the development of state capacity. His work speaks to issues in local public finance in the U.S., the economic history of the state, and the provision of public goods in a development context.



Gustavo de Souza Assar Lindbeck Fellow

Areas of research: Macroeconomics, labor economics, development, and public finance. More specifically, how fiscal policy and technological progress affect the labor market.



Peter Svedberg, Professor Emeritus

Areas of research: Development economics.



Lars E.O. Svensson, Affiliated Professor

Areas of research: Monetary policy, macroprudential policy, and housing.



Anna Tompsett, Visiting Researcher

Areas of research: Development economics, environmental economics, public good provision, infrastructure.



Joshua Weiss, Assistant Professor

Areas of research: The effects of large firms with market power on macroeconomic outcomes, in particular markups, the labor share, and more recently, growth. He has also worked on the causes of and potential solutions to bank runs.



Yimei Zou, Assistant Professor

Areas of research: International trade and macroeconomics (growth and structural change).



IIES Assistant Professor, Joshua Weiss.

Interview with Joshua Weiss

Meet IIES Assistant Professor Joshua Weiss. Josh joined the IIES in September 2021 after a year as a postdoctoral researcher at the Federal Reserve Bank of Richmond.

Josh grew up in New York City, and for his undergraduate degree, studied math and economics at a liberal arts college near Philadelphia. He first came to Europe to get a Masters degree in Economics at Cambridge in the United Kingdom, before returning to New York to complete his PhD at New York University (NYU).

“Coming to the IIES was an easy choice”.

“During my interview, everyone was engaging and had interesting things to say about my research. They were also friendly, and I immediately felt comfortable. I had the same feeling at my flyout (which was fortunately in person back then), and based on my experience so far, my impression was correct. I feel like I’ve been welcomed into a tight-knit and intellectually exciting environment. In particular, I like that there is little hierarchy between graduate students and professors; we are all here to help each other do our best work.”

So what lies ahead for Josh at the IIES?

Since arriving at the IIES Josh has started a reading group together with Kurt Mitman and our Assar Lindbeck Fellow, Gustavo de Souza and during 2022 Josh will be teaching his first class at the university – something he is very excited about. As society opens up after the pandemic he is also looking forward to more in person seminars and social interaction.

“I also look forward to getting more great feedback on my research, and to starting new exciting projects with others at the IIES!”

Joshua Weiss - Assistant Professor

2020 - PhD in Economics, New York University

2014 - MPhil in Economics, University of Cambridge

2013 - BS in Economics, Haverford College

Research interests: Macroeconomics, Industrial Organization, and Financial Economics.

Research on Creative Destruction

In an ongoing project, Josh studies the effects of large firms on economic growth. He develops a model to understand how a large firm's market power pushes it toward types of growth that displace other firms (often referred to as creative destruction), which discourages those firms from growing, thereby potentially lowering economic growth overall.

Large firms prefer creative destruction over developing entirely novel products because a new product takes sales away from all goods in an industry, including those of the large firm, but building on a competitor's product mostly takes sales from that competitor.

He is currently in the process of using data to quantify the model, so it can shed light on whether the recent rise of large firms contributed to the fall in growth in the US, as well as on the welfare and policy implications. For example, a tax on large firms discourages their growth, but may be beneficial because it facilitates growth by smaller competitors. Alternatively, allowing large firms to acquire their smaller competitors may increase growth because acquisitions compensate the selling firm, whereas a creatively destroyed firm sees no benefit.

Graduate Students

All our graduate students spend their final years of study at the IIES writing their doctoral dissertations.



Anna Aevarsdottir

Areas of research: Development economics and political economics.



Mattias Almgren

Areas of research: Macroeconomics: labor, growth, structural change, and monetary economics.



Märta Almgren

Areas of research: Macroeconomics. Especially monetary policy, wealth inequality, and climate economics.



Gualtiero Azzalini

Areas of research: Macroeconomics. In particular the formation of income risk and its impact on agents' consumption/saving and portfolio choices and, more in general, on the macro-economy.



Agneta Berge

Areas of research: Macroeconomics, labor markets, firms, and inequality.



Iacopo Bianchi

Areas of research: Development economics and economic history. Specifically: promoting firm growth, addressing restrictive gender norms, and studying the historical roots of homophobic attitudes in Sub-Saharan Africa.



Dominik Biesalski

Areas of research: Development economics. Specifically he wants to understand how market distortions and contracting problems affect the productivity of individuals and firms in the agricultural and micro-firm sector.



Monir Bounadi

Areas of research: Political economics and development economics.



Tillmann von Carnap

Areas of research: Development economics, focusing on rural transformation, transport, and remote sensing.



Divya Dev

Areas of research: Political economy, gender, and development.



Mohammadreza Farajpour

Areas of research: Macroeconomics. Especially climate change, and energy.



Mattias Folkestad

Areas of research: Political selection, democratization, and education policy.



José-Elías Gallegos

Areas of research: Macroeconomics, monetary, and information frictions.



Stefan Hinkelmann

Areas of research: Climate change and environmental macroeconomics, and macro-housing.



Philipp Hochmuth

Areas of research: Mainly macroeconomics, and especially heterogeneous agent models, macro-labor and monetary policy are of particular interest.



Markus Kondziella

Areas of research: Macroeconomics generally. Currently working on projects related to economic growth, firm dynamics and wealth inequality.



John Kramer

Areas of research: Monetary economics and macro labor.



Carolina Lindholm

Areas of research: Macroeconomics and finance.



Evelina Linnros

Areas of research: Gender, health, and development economics.



Ricardo Lima

Areas of research: Macroeconomics and time series analysis, with particular focus on monetary policy and household finance.



Francesco Loiacono

Areas of research: Development economics. In particular how to integrate forced migrants into local labor markets in low-income countries, increase transparency in public procurement in contexts of low-state capacity, and how credit affects small and medium businesses' growth in poor economies.



Patrizia Massner

Areas of research: Applied microeconomics, labor and public economics with a focus on gender, sources of inequalities, and equality of opportunity.



Chloe Nibourel (Visiting Graduate Student from SSE)

Areas of research: Applied political economics.



Fredrik Paues

Areas of research: Macroeconomics with particular focus on household finance, fiscal policy and housing.



Markus Peters

Areas of research: Macroeconomics and household finance.



Sreyashi Sen

Areas of research: Macroeconomic development, development economics, and economic growth.



Fabian Sinn

Areas of research: Labor and public economics.



Xueping Sun

Areas of research: Political economy of innovation, and China's development.



Sebastian Tebbe

Areas of research: The intersection of public and behavioral economics, with a focus on environmental applications.



Claire Thürwächter

Areas of research: Macroeconomics, monetary policy, and firm heterogeneity.



Visitors

Each year the IIES welcomes researchers and graduate students from all over the world to visit our vibrant research environment. They get to meet and interact with IIES staff as well as get a glimpse of Stockholm and all it has to offer.

Visiting Graduate Students

During **Max Bres'** (European University Institute) visit to the IIES, he started several projects. The first one, in collaboration with another visiting fellow at the IIES, presents a novel approach to estimate search costs of consumers with different socio-economic characteristics. The second one analyzes the effect of investment subsidies on local employment across occupation categories using French micro data. He viewed it as immensely valuable, both academically and personally, to be included in such a lively and inclusive research environment as many worked from home; especially the lively informal student macro working group, IMDB.

Lukas Nord (European University Institute) was a visiting student at the IIES in October and November 2021. During his stay at the IIES, he worked on a project linking households' shopping behavior and heterogeneity in consumption baskets to prices offered by retailers and inequality in consumption expenditures. His work benefited significantly from presentations in the Macro Group and the IMDB as well as many informal interactions with faculty and PhD students. He very much enjoyed his time at the IIES and in Stockholm and hopes to return some day soon.

Claude Raisaro (University of Zurich) found his stay at the IIES fantastic, both personally and professionally. He felt he was immediately included in seminars and development-related meetings. In particular, he had the chance to participate and even present his research

at the Development Tea.

He improved his job market project thanks to all feedback received by both

faculty and PhD students at IIES and at the Department of Economics. His impression of the environment at the IIES was that it is both vibrant and welcoming with an active community that is very open to chat about research and beyond. Claude felt that the IIES is definitely a place where he could see himself growing as a researcher and as a person. Aside from the research, he very much enjoyed sharing his passion for sports with many of the faculty members (tennis, boxing, biking) as well as discovering new ones (innebandy, climbing). "Stockholm is a beautiful city that offers so much: one just needs the time to discover it!"

"The IIES is both vibrant and welcoming!"

In 2021 **Mariajose Silva-Vargas** had the pleasure to extend her visit at the IIES for another great year. She found it to be a very productive time! First, she worked with her co-authors Jonathan

de Quidt and graduate student Francesco Loiacono on several projects related to land markets and refugees' integration in a low-income country, which allowed her to spend some time in Uganda. Second, she audited the "Publish or Perish" course, led by Ingvild Almås, which she found to be an incredible class to learn "how to write" an academic paper, which might seem obvious to many but quite difficult to some! Third, Marijo was able to attend the "Development Tea", a weekly meeting to share research ideas, receive feedback and talk about recent trends in development research. Finally, she had the pleasure to attend and present at the Association of Swedish Development Economists (ASWEDE) where beyond learning new and relevant research in the field, she also learned that winter bathing and sauna might be a new favorite activity. As usual, a great academic and personal experience!

Visiting Researchers

Alessandra Peter spent an equally productive and enjoyable year at the IIES. She was part of both the macro and the development group and therefore had the opportunity to meet a wide range of fantastic students and faculty. She enjoyed the patient support of Per Krusell, Kurt Mitman, and Kieran Larkin - both in the office and on regular runs in the beautiful woods around the institute. Presenting her work on houses and families across countries, as well as one of her development papers on distribution costs led to many very productive and constructive conversations, drastically improving both papers. She also started an entirely new project on large firms and their market power that saw its very debut in the IIES informal macro group. With the help of Jonathan de Quidt, Tessa Bold, and Tillman von Carnap-Bornheim, Alessandra got to experience a real Swedish winter - ice skating on the Baltic Sea.

Maria Sandström had a productive time at the IIES during her visit. She worked together with Markus Peters and Carolina Lindholm on their joint project studying the effects of the Swedish pension reform. She also had the opportunity to cooperate with Professor Roine Vestman (SU) and Mambuna Njie (SU) on data work related to household savings and consumption. Overall, Maria was greeted by very helpful and friendly colleagues. She is impressed by how well the IIES managed to maintain a creative research environment despite the pandemic and remote work.



Assar Lindbeck. Photo: Niklas Björling/Stockholm University.

Assar Lindbeck Fellowship

In 2021 the IIES was pleased to announce the inaugural Assar Lindbeck Fellowship, named in honor of our esteemed former colleague and IIES director, Assar Lindbeck.

The Fellowship provided an opportunity for a one-year visit to the IIES (academic year 2021/2022) free of teaching and administrative duties.

It was targeted towards those currently on the job market who planned to start a full-time tenure-track position at the conclusion of the fellowship, and those currently holding a full-time tenure-track position at a university or research organization to spend a year on leave.

The position was open for researchers across all fields of economics with the expectation to participate in the intellectual life of the IIES.



Gustavo de Souza.

Assar Lindbeck Fellow Gustavo de Souza

Gustavo de Souza is from São Vicente-Brazil, on the coast of São Paulo. He completed his masters at the Getúlio Vargas Foundation and his PhD at the University of Chicago. After his year at the IIES he will join the Federal Reserve Bank of Chicago.

Why the IIES?

“I chose to apply to the IIES because it conducts high impact research on macroeconomics, growth, and development. Moreover, two of my favorite economists are here!”

In his research, Gustavo uses micro-data to estimate macro-economic models and derive policy implications. Thus far, his research has evaluated the labor market effects of various fiscal instruments, the labor market effects of technological progress, and the institutional determinants of redistribution. To study these topics, Gustavo uses exogenous variation to identify key parameters of dynamic general equilibrium heterogeneous agent models.

IIES Seminar Series

Each semester the IIES invites prominent researchers from all over the world to hold seminars. The following seminars were held during 2021. Due to the pandemic, most seminars were held remotely.

Spring 2021

Nitya Pandalai-Nayar, University of Austin Texas

“The Long and Short (Run) of Trade Elasticities” with Christoph E. Boehm and Anderi A. Levchencko

Sebastian Ottinger, UCLA

“Immigrants, Industries, and Path Dependence”

Elisa Macchi, University of Zurich

“Worth Your Weight: Experimental Evidence on the Benefits of Obesity in Low-Income Countries”

Masao Fukui, Massachusetts Institute of Technology (MIT)

“A Theory of Wage Rigidity and Unemployment Fluctuations with On-the-Job Search”

Maxwell Kellogg, University of Chicago

“Household Self-Insurance and the Value of Disability Insurance in the United States”

Bence Bardoczy, Northwestern University

“Spousal Insurance and the Amplification of Business Cycles”

Lukasz Rachel, London School of Economics (LSE)

“Leisure-Enhancing Technological Change”

Jane Olmstead-Rumsey, Northwestern University

“Market Concentration and the Productivity Slowdown”

Allan Hsiao, Massachusetts Institute of Technology (MIT)

“Coordination and Commitment in International Climate Action: Evidence from Palm Oil”

Gustavo de Souza, University of Chicago

“The Labor Market Consequences of Appropriate Technology”

Audinga Baltrunaite, Bank of Italy

“Trainspotting: Board Appointments in Private Firms” with Egle Karmaziene

Ola Andersson, Uppsala University

“The Individual Welfare Costs of Stay-at-Home Policies”

Oriana Bandiera, London School of Economics (LSE)

“The Misallocation of Women’s Talent across Countries: Evidence from Personnel Data”

Muly San, New York University (NYU)

“Who Works Where and Why? Parental Networks and the Labor Market”

Christina Brown, UC Berkeley

“Inducing Positive Sorting through Performance Pay: Experimental Evidence from Pakistani Schools”

Sarah Ridout, Harvard University & Vanderbilt University

“A Model of Justification”

Pietro Ortoleva, Princeton University

“Caution and Reference Effects” with Simone Cerreia-Vioglio and David Dillenberger

Augustin Bergeron, Harvard University

“The State Capacity Ceiling on Tax Rates: Evidence from Randomized Tax Abatements in the DRC”

Gilat Levy, London School of Economics (LSE)

“Misspecified Politics and the Recurrence of Populism” with Ronny Razin and Alwyn Young

Yanos Zylberberg, University of Bristol

“Migrants and the Urban Economy: Evidence from China”

Fall 2021

Erika Deserranno, Kellogg School of Management & Northwestern University

“Financial Incentives in Multi-layered Organizations: An Experiment in the Public Sector”

Sascha Becker, Monash University & University of Warwick

“Scholars at Risk: Academic Networks and High-Skilled Emigration from Nazi Germany”

Lauren Falcao Bergquist, University of Michigan

“Search Cost, Intermediation, and Trade: Experimental Evidence from Ugandan Agricultural Markets” with Craig McIntosh and Meredith Startz

Anna Tompsett, IIES & Department of Economics (Stockholm University)

“Time is Not Money: An Experiment with Community Contribution Requirements in Cash and Labor” with Serena Coccio, Selene Ghisolfi and Md. Ahasan Habib

Tore Ellingsen, Stockholm School of Economics (SSE)

“Bubbles and Kinks: A Monetary Model of Recessions” with David Domeij

Gustavo De Souza, IIES

“On the Political and Economic Determinants of Redistribution: Pecuniary Gains, Social Preferences, or Institutions?”

Rachael Meager, London School of Economics (LSE)

“An Automatic Finite-Sample Robustness Metric: When Can Dropping a Little Data Make a Big Difference?” with Tamara Broderick and Ryan Giordano

Daphne Skandalis, University of Copenhagen

“Racial Inequality in the U.S. Unemployment Insurance System”

Barbara Biasi, Yale School of Management & Einaudi Institute for Economics and Finance (EIEF)

“The Education-Innovation Gap” with Song Ma

Edouard Schaal, CREI

“Herding through Booms and Busts” with Mathieu Taschereau-Dumouchel

Joshua Weiss, IIES

“Market Power, Imitation and Growth”

IIES/SNS International Policy Talks

The IIES/SNS International Policy Talks is a collaboration with SNS (Centre for Business and Policy Studies) where the mission is to bring insights from leading international economists to the Swedish policy debate. These talks are hosted by the SNS.

Spring 2021

On Job Polarization and Geographical Redistribution

Esteban Rossi-Hansberg, Princeton University

Comments by Kerstin Enflo, Professor of Economic History at Lund University.

Moderator: Louise Lorentzon, Research Director at SNS.

Economic Responses and Optimal Restrictions to Mitigate COVID-19

Kurt Mitman and Tessa Bold, IIES, and Erika Färnstrand Damsgaard, Head of Macroeconomic Research at National Institute of Economic Research (Konjunkturinstitutet)

Moderator: Ilinca Benson, Deputy CEO at SNS.

Ola Andersson, Uppsala University.
In Swedish.

Economic Shocks and Trade

Silvana Tenreryo, London School of Economics

Participants:

Rikard Forslid, Professor of Economics at Stockholm University

Karin Karlsbro, Member of the European Parliament from the Swedish Liberal Party

Webinar led by IIES Professor Per Krusell.

Fall 2021

How to Attract, Keep and Allocate Good Teachers?

Barbara Biasi, Yale School of Management

Participants:

Robert Fahlgren, Second Vice President, Lärarförbundet (the Swedish Teachers' Union)

Lee Orberson, Municipal Chief Executive of the Elementary Schools, The Education Department, The City of Stockholm

Led by Mattias Folkestad, PhD student at IIES.



Workshop on
Household
Decision-Making

1 June 2021
4:00 - 8:00 pm (CEST)



Ingvild Almås organized a workshop on Household Decision-Making.

Selected Research

The IIES annually produces research of the utmost quality with areas of research covering a wide spectrum. This year's selection of research projects gives further proof of the diverse and vibrant research environment at the IIES.

Empowering Women through Targeted Conditional Cash Transfers

Researchers: Ingvild Almås, with Alex Armand, Orazio Attanasio, Pedro Carneiro, and Valérie Lechene

Most conditional cash transfers (CCT) target women, in an effort to empower women and deliver better outcomes for children. The underlying assumptions are that men and women prefer to spend their income differently and that giving women extra resources in the household may increase their participation in household decisions by increasing their control over how funds are spent.

Previous studies have shown that providing transfers to a female member of the household leads to shifts in spending, suggesting

that gender-targeted transfers may be important. However, it is not clear how targeting women leads to changes in household consumption and whether targeting transfers to men would achieve similar results. Additionally, there is limited evidence on how cash transfers to women impact empowerment within the household, a difficult concept to accurately measure.

In this project, the team tests whether targeting cash transfers to women can play a role in their empowerment and change household consumption. To do this they evaluated a nationwide CCT program for low-income households in the Republic of North Macedonia that randomly allocated transfers to either mothers or fathers.

When mothers received the cash transfers, households spent more of their budget on food than when the household heads, mostly men, received the transfer.

Targeting the transfers to women increased the share of household spending on food by 3.9 percentage points compared to 55.1 percent when the household head, generally the father, was the recipient. For households that spent less on food at the baseline, targeting transfers to mothers shifted food spending toward more nutritious foods.

Cash transfers targeted to women improved female empowerment.

Cash transfers targeted to women improved female empowerment. Women receiving the cash transfer were willing to give up less of an additional transfer (by 5.3 percentage points, or about 16 percent) to gain control of it compared to women who had not received the first transfer. A lower willingness to give up the payment suggests that women receiving the cash transfers were more empowered.

A new methodology for measuring women's empowerment was more effective than traditional survey questions. Researchers used a novel method to measure women's empowerment by directly observing women's decisions. This approach identified impacts that were not detected by the traditional survey techniques.

Asymmetric Attention

Researchers: Alexandre Kohlhas, with Ansgar Walther

Over the past decade there has been an explosion of research that has used survey data on expectations to explore the zoo of different models of expectation formation that exists. Most of this work has documented individual stylized facts and considered individual models that can match them. The hope is that this work will push researchers to consider in more detail how the different stylized facts fit together. In particular, the paper shows that studying only two stylized facts in conjunction alone can severely restrict the set of models of expectation formation that are consistent with the survey data.

The paper contributes to a research agenda that seeks to find a data-consistent model of expectation formation. Specifically, in this paper, they document that the expectations of households, firms, and professional forecasters in standard surveys simultaneously extrapolate from recent events and underreact to new information on average.

They show that existing models of expectation formation, whether behavioral or rational, cannot account for these observations. In place, they develop a rational theory of extrapolation based on limited attention, which is consistent with this evidence. In particular, they show that limited, asymmetric attention to procyclical variables can explain the co-existence of

extrapolation and underreactions. They illustrate these mechanisms in a microfounded macroeconomic model, which generates expectations consistent with the survey data, and show that asymmetric attention increases business cycle fluctuations.

Directed Technical Change as a Response to Natural Resource Scarcity

Researchers: John Hassler and Per Krusell, with Conny Olovsson

Historical data from the US shows that the economy is inflexible in the short term. Energy consumption is in principle proportional to GDP. In the short term, therefore, higher GDP leads to higher energy consumption and vice versa. In the longer term, from a decade onwards, however, the economy is much more flexible. Reduced access to energy controls technological development so that less energy is consumed per unit produced.

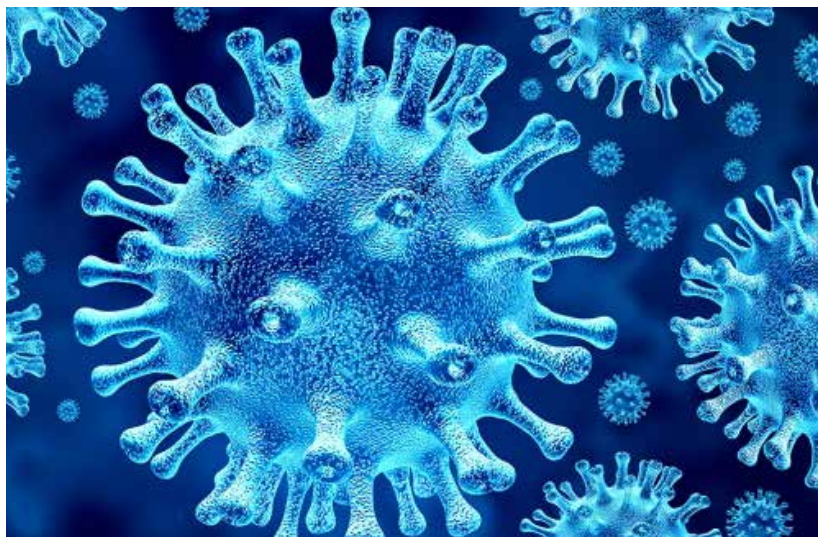
In the paper, the researchers develop quantitative theory to answer these questions and apply it to the case of fossil fuel-based energy as an input into production. The researchers have focused on energy because this is a key issue in climate change.

Important to look at the long-term effects of energy efficiency on the economy.

The market's first response to scarcity is a rise in the price of the scarce resource, with curbed use as a result. The paper focuses on an implication of a higher price: endogenous resource-saving technical change, in the form of new techniques and products allowing us to save on the scarce inputs. The theory is used to interpret the postwar U.S. data on fossil energy dependence but also to make projections into the future.

The findings are striking: (i) fossil-energy saving was dormant until the oil shocks hit but then took off and grew rapidly; (ii) capital/labor saving grew more slowly after the oil shocks; and (iii) more generally, fossil-energy prices and saving on fossil energy comove clearly even if one excludes the large oil shocks in the 1970s.

The article shows that it has been possible to sharply increase the growth rate in energy efficiency at relatively modest costs in terms of lower growth. In a scenario with declining energy use, long-term growth would be 1.7% per year if the historical connections remain.



Research on COVID-19

Integrated Epi-Econ Assessment of Vaccination

Researchers: Timo Boppart, John Hassler, and Per Krusell, with Karl Harmenberg and Jonna Olsson

Using an integrated epi-econ model, the researchers compute the value of vaccines for COVID-19, both under a planner's solution and in competitive equilibrium. The specific model, developed in Boppart, Harmenberg, Hassler, Krusell, and Olsson (2021), factors in not just value-of-life aspects along with standard economic variables but also the value of leisure activities that rely on a social component.

They find that the societal value of vaccination is large; we estimate that, translated into monetary terms, the value of vaccinating one young individual in the competitive equilibrium is \$17,800. The externalities are large: less than half the societal

value is internalized by individuals (assuming that they act purely in their self-interest). Finally, behavioral responses are important, with a substantial share of the value of vaccines being attributed to people enjoying more socially-oriented leisure when more people are vaccinated.

Whether, When and How to Extend Unemployment Benefits: Theory and Application to COVID-19

Researchers: Kurt Mitman, with Stan Rabinovich

In designing unemployment insurance (UI), policymakers face the classic insurance-incentive tradeoff. This tradeoff is complicated because unemployed workers' job search behavior changes with both current and future UI benefits (and economic conditions).

The research provides a dynamic generalization of Baily-Chetty, whereby optimal policy balances the consumption smoothing benefit of UI against its moral hazard cost. The analysis yields three broad insights:

- 1) The moral hazard cost depends most directly on search efficiency, not on the unemployment rate. Thus, if possible, UI would be indexed to the primitive shocks, not the unemployment rate.
- 2) The dynamic nature of the environment complicates the standard Baily-Chetty formula because future UI distorts current search efforts, and hence has a moral hazard cost today. The optimal policy under commitment accounts for this. The optimal policy under discretion does not: it effectively follows a sequence of static Baily-Chetty formulas.
- 3) The level of unemployment does not matter per se, but its level over time does. For example: imagine that unemployment is high today but expected to be low in the future. Under commitment, promising to cut UI when unemployment is low is a cheap way to provide incentives when unemployment is high.

How does this apply to a COVID-like shock? With commitment (Ramsey), a large but short-lived increase in benefits is optimal. Without commitment, the government cannot commit to lowering future UI, thus it cannot provide as much insurance today, so it implements a smaller more persistent increase.

Large temporary increase in unemployment insurance optimal response to COVID-like recession.

How can the Ramsey policy be implemented?

A simple rule that depends on the change in the moving average of unemployment does a good job at replicating the Ramsey policy. A rule that depends on the level, keeps benefits too high for too long, generating persistently high unemployment. The research also considers what happens if there is heterogeneity in search efficiency and low-efficiency workers get hit harder by COVID. Benefits come down more slowly to account for dynamic selection, but the main insights follow from before. The model and the shocks are quite stylized, but believed to provide useful insights for thinking about optimal policy design and practical implementation going forward.

Changes to Household Income in a Kenyan Informal Settlement during COVID-19

Researchers: Anna Tompsett, with Aaron Baum, Vera Bukachi, Pascal Kipkemboi, Allan Ouko K'oyoo, Ana Varela Varela, and Joseph Mulligan

People who live in informal settlements may be particularly vulnerable to economic disruptions during the COVID pandemic, but it is difficult to collect data in these highly transient communities that are often mistrustful of outsiders.

Exploiting an ongoing collaboration with an NGO based in Kibera, Nairobi, this research describes the economic consequences of the COVID pandemic in Kibera.

Household incomes declined at the start of the pandemic by 59% and remained 21% below their pre-pandemic level after six months. These were highly economically vulnerable populations even before the pandemic, with only 18% reporting incomes sufficient for household needs before the pandemic began. Households mostly attribute the cause of the declines in income to fewer labor market opportunities or lower demand for services, rather than the direct health impacts of the pandemic.

COVID-19 Vaccine Acceptance and Hesitancy in Low- and Middle-income Countries

Researchers: Jakob Svensson et al.

Widespread acceptance of COVID-19 vaccines is crucial for achieving sufficient immunization coverage to end the global pandemic, yet few studies have investigated COVID-19 vaccination attitudes in lower-income countries, where large-scale vaccination is just beginning.

This research analyzes COVID-19 vaccine acceptance across 15 survey samples covering 10 low- and middle-income countries (LMIC) and Russia and the United States.

Higher willingness to take vaccine in LMICs, than in the US and Russia.

The researchers find considerably higher willingness to take a COVID-19 vaccine in their LMIC samples compared to the United States and especially

Russia (mean 30.4%). Vaccine acceptance in LMICs is primarily explained by an interest in personal protection against COVID-19, while concern about side effects is the most common reason for hesitancy.

Evidence from this sample of LMICs suggests that prioritizing vaccine distribution to the Global South should yield high returns in advancing global immunization coverage. Vaccination campaigns should focus on translating the high levels of stated acceptance into actual uptake.

Integrated Epi-Econ Assessment: Quantitative Theory

Researchers: Timo Boppart, John Hassler, and Per Krusell, with Karl Harmenberg and Jonna Olsson

We construct a framework for integrated epi-econ assessment: theory, calibration to micro-, macro-, and epi-data, and numerical methods for quantitative policy evaluation. The model has an explicit microeconomic, market-based structure. It highlights trade-offs, within period and over time, associated with activities that involve both valuable social interaction and harmful disease transmission. We compare market solutions with socially optimal allocations. Our calibration to COVID-19 implies that households shift their leisure and work activities away from social interactions. This is especially true for older individuals, who are more vulnerable to disease. The optimal allocation may or may not involve lockdown and changes the time allocations significantly across age groups. In this trade-off, people's social leisure time becomes an important factor, aside from deaths and GDP. We finally compare optimal responses to different viruses (SARS, seasonal u) and argue that, going forward, economic analysis ought to be an integral element behind epidemiological policy.

Optimal Vaccine Policies: Spillovers and Incentives

Researchers: Joshua Weiss, with Nikhil Vellodi

In this paper, the reserachers study the tradeoff between targeting a limited supply of vaccines at the most vulnerable vs. the most interactive, i.e., those most likely to become infected and to spread the disease to others if infected.

They show that if policymakers cannot impose a lockdown policy (or if compliance is weak), then vaccines should be targeted more toward the most vulnerable. Targeting the most interactive lowers the aggregate infection rates, but absent an enforced lockdown people may respond to the reduced risk by interacting more, thus mitigating the effect.

Parents' Behavioral Responses to Lowering Barriers to Remote Education: Experimental Evidence from Bangladesh

Researchers: Laia Navarro-Sola, with Emily Beam and Priya Mukherjee

The researchers conducted a randomized experiment in Bangladesh to measure whether three interventions aimed at reducing the barriers to education investment during the COVID-19 school closures affected how parents allocated time and economic resources to their children's education.

They find that both regular information about a novel remote learning platform and individualized teacher support by phone promote persistent math learning, but the information effects disappear when they are supplemented with a free internet data package.



Kurt Mitman, Kieran Larkin and Joshua Weiss eagerly awaiting the start of the race Höstrusket.



Kurt Mitman, Kieran Larkin, Tessa Bold and Jonathan de Quidt skating on the nearby lake, Brunnsviken.

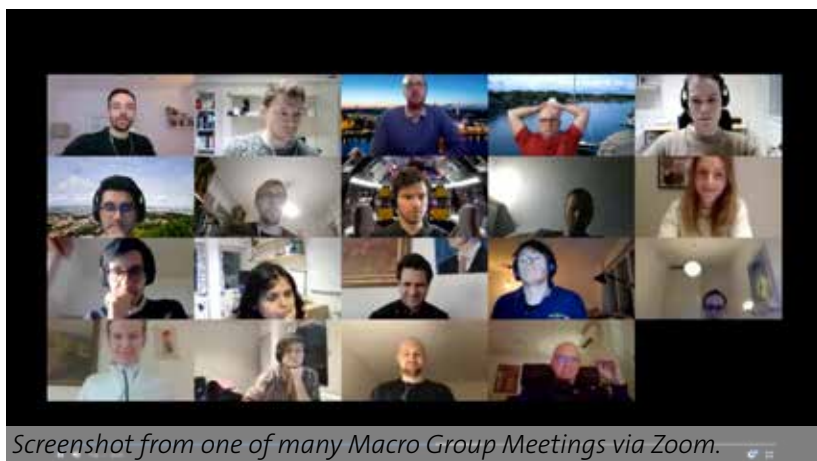
Graduate Student Research

In the years leading up to their dissertation defense, graduate students at the IIES conduct research in several fields within economics. During 2021, these were their research projects.

Mattias Almgren has worked on three papers: (1) “How Should I Spend My Time and Money? A Theory with Home Production that Can Account for the Data”. At least since the mid 1940’s, an ever increasing share of aggregate expenditures are allocated towards service consumption. In this project he investigates to what extent considering home produced services can help understand the data. In (2) “Monetary Policy and Liquidity Constraints: Evidence from the Euro Area” (with José-Elías Gallegos, John Kramer and Ricardo Lima) Mattias and co-authors investigate whether economies in the euro area respond differently to monetary policy. Then they investigate the causes for these differences. (3) “The Misallocation of Men’s Talent”. There is a positive correlation between childrens’ and parents’ earnings. This project is about understanding the drivers behind this correlation.

Gualtiero Azzalini’s research aims at studying the formation of income risk and its impact on agents’ consumption/saving and portfolio decisions and, more in general, on the macroeconomy. In a first paper, he investigates income risk generated by the passthrough of firm idiosyncratic shocks to workers’ wages over the business cycle. While there is an extensive literature studying the wage pass-through of such shocks, there is not much work analyzing this phenomenon over the business cycle, even though some recent findings suggest that it might be different between booms and recessions. This work aims at filling this gap by documenting more in detail this phenomenon in Swedish administrative data and by rationalizing the findings in a search and

matching model. In a second paper, building up on the literature that uses economic choices to infer properties of agents' income risk, he studies how much it is possible to learn on such risk from portfolio choice models. Since agents' income risk affects both their consumption/saving and portfolio decisions in these models, by exogenously imposing different assumptions on the income process, it is possible to infer which patterns generated by the model are more in line with the data and thus better understand the type of income risk that agents face. In a third paper (with Markus Kondziella and Zoltán Rácz), he studies how much capturing the properties of individuals' capital income over the wealth distribution through a realistic modelling of their portfolio choices helps explain wealth inequality. To assess this question the paper builds a Bewley-type model with endogenous portfolio choice, cyclical skewness in income and heterogeneity in preference parameters. These features enable the model to replicate the increasing relation between wealth and risky share and to match well cross-sectional moments of the wealth distribution. In particular, the ability of the model to capture the portfolio choices of the wealthiest individuals is crucial to get a better match of the top of the wealth distribution.



Screenshot from one of many Macro Group Meetings via Zoom.

In the past year, **Agneta Berge**'s research has mainly been focused on three projects related to macroeconomics, labor markets, firms and inequality. Currently, she is working on a project in which she aims to study how collective wage bargaining interacts with labor allocation, productivity growth and firms' market power. To this end, the aim is to build a model that allows for different wage bargaining arrangements, such as centralized collective wage bargaining as well as individual wage bargaining at the firm level. Agneta will use the model and Swedish registry data for firms and workers, to study the questions of interest. Further, in a joint project with Ann-Sofie Kolm and Per Krusell, they study two alternative market arrangements that combine decreasing returns to labor with labor market frictions. They compare equilibrium outcomes and the marginal stability of the respective arrangement. Finally, in a joint project with Timo Boppart, the aim is to study firm and plant level production, and patterns of factor intensities, markups and misallocation, using Swedish registry data on firms and workers.

Iacopo Bianchi has mainly worked on three projects. In a joint project with Dominik Biesalski and Cristina Clerici entitled (1) "Imported Homophobia: the Role of British Colonization in Shaping Attitudes toward Homosexuals in Sub-Saharan Africa", the authors investigate whether British colonial rule has had a differential impact on the promotion of homophobic sentiments in Sub-Saharan Africa, compared to French and Portuguese rule. In a second project with Dominik Biesalski and Cristina Clerici, provisionally entitled (2) "Yes, Women Can. Is Information Provision Effective in Encouraging Women to Enter more Profitable Male-dominated Sectors?", Iacopo and his co-authors aim to understand what are the main obstacles preventing women from working in more profitable occupations. In particular, they want to analyze whether information frictions or gender norms within the family are key constraints on women's decision-making. Field work for the project will begin in Uganda soon. In a third project with Dominik Biesalski, (3) "Clustering at the Business

Level: Micro-Firm Markets, Competitive Forces, and Innovation”, they want to analyze the market structure of small business clusters, understand how competitive these markets are, why firms decide to settle there and if it is feasible to promote product innovation in markets where the risk of imitation by competitors is high.

Dominik Biesalski worked on four different projects. In “Yes, Women Can: The Role of Information and Norms in Occupational Segregation” (with Cristina Clerici and Iacopo Bianchi) they examine how social norms and information frictions lead to occupational gender segregation among Ugandan micro-firms. In another project called (2) “Clustering at The Business Level: Competitive Forces and Micro-firm Markets” (with Iacopo Bianchi) they study the interplay between market structure and firm performance in micro-firm clusters of Kampala. In an extension of this project, they further look into the causes behind the lack of diversification and innovation that we often observe across urban markets in Sub-Saharan Africa. Further, Dominik worked on (3) “A Market Design Solution for Land Trade” (with Jonathan de Quidt, Mariajose Silva Vargas, Tom Wilkening and Gharad Bryan) which studies the issue of land fragmentation among smallholder farmers in Uganda through a market design perspective. Dominik has also been working on a project on the colonial roots of homophobia in Sub-Saharan Africa. This project is called (4) “Imported Homophobia: The Role of British Colonization in Shaping Attitudes towards Homosexuality in Sub-Saharan Africa” (with Cristina Clerici and Iacopo Bianchi). Lastly, he recently began working on a project on relational contracts between smallholder farmers and middlemen in the Ugandan coffee value chain.



Dominik Biesalski.

Monir Bounadi uses history to study how social mobilization comes about and its cultural and political consequences. He has two ongoing projects. In one of the projects, (1)“Estimating the Impact of the Imperial Hajj”, Monir studies the cultural and political impacts on the origins of pilgrims performing the Hajj during colonialism. For most pilgrims who went to Mecca during this era, it was their first time meeting people of other ethnic backgrounds. Their consequent exposure to new ideas helped them form anti-colonial movements back home. In his second project, (2)“The Struggle for Female Suffrage in Sweden” (with Mattias Folkestad), Monir and his co-author study who became involved in the struggle for female suffrage, the female networks that drove the movement, and its contemporary and long-run political effects.

Tillmann von Carnap’s main work has been focused on the paper (1)“The Role of Rural Marketplaces and Trade Integration for Secondary Town Development”, where he looks at rural marketplaces and their role for development. Marketplaces are



Tillmann von Carnap.

a wide-spread phenomenon across rural areas of low-income countries. At markets, farmers can link into broader trade by selling their products and buying the products they need. Knowing where markets are and what is happening at them is a precondition for understanding their role and addressing potential inefficiencies. However, there rarely exist consistent maps or monitoring systems. To address this gap, Tillmann has developed an algorithm using satellite imagery to map and monitor rural marketplaces. So far, he has built a database of around 1,000 markets focussing on East Africa. This data now allows him to study how trade integration, e.g. through highway construction, affects how markets and the livelihoods of their attendants develop. Tillmann has also received a Small Research Grant from the STEG initiative, allowing him to conduct research on the role of rural markets for the development of secondary towns in East Africa.

Mohammadreza Farajpour has primarily worked on three different projects: (1) "Energy Intensity" (with Stefan Hinkelman). Energy intensity, defined as the energy used per GDP, has declined at least over the last 50 years. Mohammadreza and Stefan want to find contributing factors in the decline of energy intensity and see whether this decline continues in the future. Energy is the most contributing factor in carbon emission into the atmosphere. Understanding contributing factors in energy intensity can help understand if we can speed up the decline and reduce the emissions by energy. In (2) "Climate Policies and Input Substitution over Time" (with Stefan Hinkelman), they investigate quantitatively how the impact of climate policies such as a carbon tax differs over the short and the long run in the macro-economy. They document limited possibilities to switch from fossil fuels to green alternatives over short time horizons. Over more extended periods, however, this substitutability increases significantly. The same pattern holds for aggregate energy in the production process so that the energy intensity of production can only decrease in the long run without limiting output. They

then build a quantitative macroeconomic growth model that accounts for these patterns through a technology-choice channel. They find that, in order to achieve similar emission targets, carbon taxes should be increased by about 10% permanently compared to models that focus on the long run only. The economic costs of doing so are surprisingly small, especially in the short run. Additionally, they find that, quantitatively, inter-fuel substitution possibilities are much less important than the economy's overall energy intensity. (3) "Exchange Rate Cyclicity and Country Size" (with Anders Åkerman and Anna Seim). According to conventional wisdom, floating exchange rates may be automatic stabilizers, in that they tend to depreciate in downturns, thereby creating favorable conditions for e.g. tradable firms. In this paper they consider the possibility that this may be true for small economies, but not for large ones. Specifically, they (i) assess whether there is empirical support for the hypothesis that in downturns, currencies of small countries are likely to depreciate, while currencies of large economies are likely to appreciate; (ii) construct a theoretical model providing a rationale for these empirical findings; (iii) calibrate the model to assess the extent to which floating exchange rates serve as automatic stabilisers in small economies, and the potential costs of being a large economy.

In **Mattias Folkestad's** research he tries to answer empirical research questions related to the political and educational sectors. Mattias specializes in using both modern registry data, and digitizing archival resources. In (1) "The Struggle for Female Suffrage – Evidence from Sweden" (with Monir Bounadi) he studies the expansion of national voting rights to Swedish women in 1921. This historic event was predated by a 20-year period of petitioning and collective actions of organized women. By digitizing archival material, they will be able to make the first quantitative analysis of the causes, drivers as well as effects of the movement. A fundamental research question is in what way the public activities of the women's suffrage organizations affected public policy and political participation. (2) "Leveling

the Playing Field: Primary School Resource Allocation and Equal Opportunity” (with Lisa Laun and Lena Hensvik). In this paper the researchers estimate the causal effect of implementing a redistributive funding formula that redistributed resources to socioeconomically disadvantaged schools. By building a dataset of school level revenue and spending while leveraging the information about the exact funding formula they isolate the exogenous shock to the school budget. Ultimately, they estimate the impact on the cognitive and non-cognitive outcomes of the students and through what mechanisms the effect operates.

José-Elías Gallegos has spent a large portion of his time working on his job market paper (1) “Inflation Persistence, Noisy Information and the Phillips Curve”. A vast literature has documented that US inflation persistence has fallen in recent decades. However,

this empirical finding is difficult to explain in monetary models. Using micro-data on inflation expectations, José documents a positive co-movement between ex-ante average forecast errors and forecast revisions (suggesting forecast sluggishness) prior to 1985, and no co-movement afterwards. He extends the New Keynesian (NK) setting to noisy and dispersed information, where firms receive an imperfect signal of the aggregate state, and shows that inflation is more persistent in periods of greater forecast sluggishness. His results show that this change in firm forecasting behavior explains around 90% of the fall in inflation persistence since the mid 1980s. José also finds that the disconnection between inflation and the real side of the economy can be explained by the change in information frictions. Contrary to the literature which has emphasized a flattening of the NK



José-Elías Gallegos.

Phillips curve in recent data, he does not find any evidence of the change in the structural slope of the Phillips curve once he controls for imperfect expectations.

Stefan Hinkelmann spent the year mainly working on two different papers: (1) “Reluctant Savers and Mortgage Subsidies” (with Andrés Bellofatto and Sevin Yeltekin). In this project, they investigate implications of the Mortgage Interest Deduction (MID). Despite many proposals aiming to revise the MID, the ultimate effects of modifying it are still ambiguous and controversial. One argument against this policy points to its regressivity, as it mostly benefits wealthy homeowners. On the other hand, the MID could alleviate self-control problems by promoting savings in an illiquid asset. This paper focuses on this interaction between progressivity and self-control, by studying the effects of eliminating the status-quo MID within a heterogeneous agents model with incomplete markets and Gul-Pesendorfer preferences; (2) “Scrutinizing the US Energy Intensity Decline” (with Mohammadreza Farajpour). In this paper Stefan and Mohammadreza document and try to understand the persistent decline in energy intensity in the US economy over the last 50 years. What are the drivers behind shrinking energy use per GDP? What can we attribute to substitution towards non-energy production inputs, what role does the change in the energy-mix play and what is explained by technological advancement or the continuing sectoral change?

Philipp Hochmuth has focused on research where rich households with high income consume different goods than poor households with low income and react differently to price changes. Therefore, different households experience different levels of inflation depending on the goods they consume. In the paper (1) “A Nonhomothetic Price Index and Inflation Heterogeneity” (with Markus Pettersson and Christoffer J. Weissert), Philipp and his co-authors develop a new price index that takes changes in consumption patterns across the income distribution

into account and, at the same time, is easy to estimate. Their results show that poor households experience slightly higher and more volatile inflation than rich households. The main reason for this is because households have different consumption baskets and their substitution behavior only plays a minor role. In a second single-authored paper, Philipp tries to understand the role that entrepreneurship plays in shaping the wealth distribution and what share of the movements in and out of the top of the wealth distribution it can explain over time and over the business cycle. He plans to investigate this using a heterogeneous-agent model calibrated to some observable moments in the data and then evaluate its predictions.



During the year [Markus Kondziella](#) has mainly been working on his project (1)“Productivity Divergence, Heterogeneous Firm Expansion and Price Setting”. Using registry data on Swedish firms he documents three stylized facts. First, revenue productivity is increasing in both firm age and size. Second, using micro data underlying the Swedish Producer Price Index (PPI) he shows that quality improved items enter at higher prices. Third, firms with high and low revenue productivity set identical price growth rates. Markus builds an endogenous growth model with heterogeneous firm dynamics that is consistent with those facts. Firms increase their market power by improving the quality of their goods, while permanent differences in productivities across firms result in more productive firms expanding into new markets at higher rates. This gives rise to an endogenous markup distribution that is determined in equilibrium by the quality and productivity advantage of incumbents in each product market.

He assesses the model's validity in an application to the Swedish economy. To this end he documents several trends. For the universe of Swedish firms covering the period 1997-2017 he shows that the revenue productivity dispersion has risen. Meanwhile, the very same firms that grew in revenue productivity entered new markets more frequently and increased their sales shares. Decomposing the divergence in revenue productivity suggests that a divergence in physical productivities is the likely driver. Solving for the steady state of the model Markus shows in a comparative statics exercise that a rise in physical productivity dispersion replicates the observed trends for the Swedish economy.

John Kramer's research concerns the intersection of the labor market and monetary policy. In (1) "Monetary Policy and Liquidity Constraints: Evidence from the Euro Area" he tries to understand whether countries with a higher share of households who hold their wealth in illiquid forms, e.g., housing as opposed to savings accounts, are more affected by changes in interest rates than those with a smaller share. This appears to be the case, in line with previous theoretical models. The paper is now forthcoming in the *American Economic Journal: Macroeconomics*. In another project: (2) "The Curious Incidence of Shocks across the Income Distribution" (with Kurt Mitman and Tobias Broer), John investigates if monetary policy as conducted by the European Central Bank affects different income groups heterogeneously. They find evidence that individuals who earn less see their earnings more exposed to surprising interest rate changes, while top-earners are more insulated from movements of the whole economy. In his job market paper (3) "The Cyclicity of Earnings Growth along the Distribution - Causes and Consequences", John shows that the earnings growth of job finders drives earnings growth generally to be considerably more procyclical for individuals with low permanent incomes. He then presents a model that can rationalize these findings and can be used to conduct policy experiments. In a fourth paper



(4)“The Misallocation of Men’s Talent” (with Josef Sigurdsson and Mattias Almgren), John documents considerable differences in how well individuals’ talents fit their occupations and how this relates to inter-generational mobility.

In 2021, [Carolina Lindholm](#) has worked on (1)“How Individual Savings Respond to Pension Reform: Implications for Models of Savings Behavior” (with Markus Peters and Maria Sandström). The paper aims to present a model of savings behavior that can account for respons-

es observed in data to a reform of public pensions in Sweden. Carolina, Markus and Maria have received funding from Skandia’s research program on long-term savings for this project. Carolina also began work on (2)“Recourse Regimes and Bank Default Risk” in which she aims to measure the change in bank default risk from a change in the recourse regime using a structural credit risk model.

[Evelina Linnros](#) spent the year working on (1)“The Social Cost of Locusts” (with Eyal Frank, Josephine Gatois, Amir Jina, Gordon McCord, Anouch Missirian and Anna Tompsett) where Evelina and her co-authors use a large dataset of locust sightings to study the impact of locust infestations on nutrition and fertility outcomes. In (2)“The Social Cost of Infertility in Sub-Saharan Africa” she uses spatial variation in the parasitic disease Schistosomiasis to study implications of the high rates of impaired fertility observed in Sub-Saharan Africa. In a third paper (3)“Birth Tears and Labor Market Outcomes” (with Ulrika Ahrsjö) they document the development of labor market outcomes after birth for women who experience birth injuries to

study the contribution of maternal morbidity to heterogeneities in the child penalty.

Francesco Loiacono has mainly been working on three papers; (1) “Refugees’ Integration through Employers’ Learning: Evidence from Uganda” (with Mariajose Silva-Vargas) in which the aim is to study how firms react to working with a forced migrant in a low-income country context. They design and evaluate an experiment with refugee job seekers and local managers in the capital city of Uganda, Kampala. In (2) “Information Frictions in Government-Firms Relationships” (with Emanuele Colonnelli and Edoardo Teso) Francesco and his co-authors study how to improve transparency in the public procurement sector in Uganda. In collaboration with the main governmental anti-corruption agency, they evaluate the effect of providing large government providers with detailed information about public procurement over time. In (3) “Inside the Production Function: the Effect of Financial Contracts on Growing Firms’ Technology Use. Evidence from a Randomized Experiment in Uganda” (with Andreas Madestam, Selim Gulesci and Miri Stryjan) they study how credit affects SMEs business growth in Uganda. They collaborate with a large NGO with active branches in the whole country. They propose different micro-loan contracts and follow these firms over a period of 5 years. They evaluate the effect of these contracts on business profits, revenues, employment and capital, as well as household income and consumption.

During the year, **Patrizia Massner** worked on projects related to the self-perception of abilities, behavioral responses to parental health shocks, the role of childcare, and the cost of social mobility. For example, in one of her projects (with Shubhaa Bhattacharyya and Andrew Proctor), they examine whether students are biased in forming beliefs about their ability in Maths, English, and Swedish, and whether this bias varies by gender. They plan to investigate the role of misperceptions in abilities on educational investments. In a further project (with Jens Wik-



Patrizia Massner.

ström), they study how children respond in their labor supply to parental health shocks that require care responsibilities. Furthermore, she worked on a project (with Fabian Sinn) about child-care in Sweden. In particular, they are eager to study how child-care prices affect the labor market attachment of grandparents. Lastly, she is involved in a project with Arash Nekoei about the costs of having a career in the Swedish labor market.

Chloe Nibourel is mainly interested in understanding the political system in well-functioning democracies and how they can be developed. Modern representative democracies are threatened, among other thing, by the rise of populism, the ageing of political leaders and a growing distrust of public institutions. Chloe uses data from France, Sweden and the US to inform the debate on these issues.

Fredrik Paues has primarily been working on a project investigating the welfare effects of deregulation on the market for rental housing. To this end, he develops a theoretical model with



heterogeneous agents that should allow him to look at both the aggregate and disaggregate while simultaneously allowing the agents to respond to changes in their environment. Further down the line, Fredrik will calibrate the model using Swedish data and analyze effects of different deregulation reforms.

Markus Peters worked on two projects for his thesis in macro-economics and household finance.

(1)“How Individual Savings Respond to Pension Reform: Implications for Models of Savings Behavior” (with Carolina Lindholm and Maria Sandström) uses administrative data on individual asset holdings and a structural life cycle model to compare competing models of savings behavior. (2)“Micro PPI-based Real Output Forensics”(with Timo Boppart, Mikael Carlsson and Markus Kondziella) employs the producer price index (PPI) micro data on total private goods and services production in Sweden to analyze the implication for output growth under different counterfactual aggregate price deflators.

Sreyashi Sen has spent the year mainly working on two papers: In (1)“Productivity Effects of Labor Regulations: Evidence from India” Sreyashi contributes new evidence on the impact of a specific type of labor regulation on different levels of productivities in the formal manufacturing sector in India over the period 2000 to 2014. She exploits quasi-random variation in the timing of amendments to The Industrial Disputes Act across different states in the country over this time period. Using this variation, and a structural model of heterogeneous firms to quantify productivities, an event study design is used to estimate the dynam-

ic impacts of the policies on manufacturing sector outcomes. Data from the manufacturing census, Annual Survey of Industries, is used to measure the productivities of interest which are at the level of the manufacturing establishment or plant, as well as the level of 4-digit manufacturing industries. The project also aims to decompose the aggregate industry effect of the policies into separate microeconomic channels – changes in the physical productivities of a plant, efficiency of allocation of resources across plants within narrowly defined industries and entry or exit of plants in the same industry. (2) “Human Capital Investments and Occupational Choice with Financial Frictions”. This project quantifies the role of financial frictions in explaining the dynamics of human capital investments and the occupational choice between being a worker or an entrepreneur in developing countries. Individuals are heterogeneous with respect to initial wealth, as well as entrepreneurial productivity which is endogenously determined as a function of human capital investments made early in life. Borrowing constraints can affect human capital acquisition which is costly, as well as the decision to be an entrepreneur where the constraint takes the form of a collateral constraint. The project seeks to investigate what the long run steady states of this economy are, and how they may vary depending on the initial joint distribution of wealth and human capital. It also aims to find parameter values for which aggregate poverty traps exist in this model economy.

In **Fabian Sinn's** main thesis project, he studies how earnings differences affect individuals' decisions to move up the job ladder or create incentives to change careers. In joint work with Arash Nekoei, he released a working paper that introduces a new measure of social inclusion. This new measure is based on how predictive characteristics outside one's control are. Furthermore, Fabian has also worked with Patrizia Massner on the effect of childcare provision on grandparental labor supply and retirement decisions; and with Miika Päällysaho on the speed and distribution of innovation in medicine.

Xueping Sun has kept her focus on her job market paper: (1)“The Innovation Cost of Short Political Horizons: Evidence from Local Leaders’ Promotion in China”. Government policies are crucial for promoting innovation, but innovation takes time while politicians come and go. She examines how politicians’ time horizons affect the choices between policies that yield short-versus long-term growth. Xueping digitizes the career histories of Chinese city leaders and links them to economic policies and innovation outcomes. She exploits political connections formed through previous work ties to generate variation in leaders’ promotion expectations. In her paper she finds that when leaders are connected, they can expect an earlier promotion. Such expectations lead them to pursue a fast-over-slow strategy for growth: higher spending on infrastructure, lower spending on science and technology, and a lower effort in promoting innovation. As a result, the local economy has higher short-term growth but lower future patenting and long-term growth.

Sebastian Tebbe has primarily worked on his paper (1)“Peer Effects in Electric Vehicle Adoption”. In this paper, he studies the nature of peer effects in the diffusion of general and electric vehicles in Sweden. Based on a nationwide database for vehicle ownership, Sebastian analyzes interpersonal influence on adoption from two social domains: neighbors and co-workers. To instrument for the general vehicle choice of peers in the social network, he exploits exogenous variation in the timing of leasing vehicle contract renewals. The results suggest that a new vehicle purchase in the previous six months increases the new vehicle adoption by 2.1 and 3.9 percentage points in the neighborhood and workplace through peer effects in the following month. To exogenously shift the electric vehicle adoption of peers, he utilizes heterogeneity in the adoption probability of electric vehicles across individuals with different socio-economic characteristics. Specifically he creates a shift-share instrument that combines an estimated probability of adopting an electric vehicle for all people that are at the three year leasing contract

renewal. Neighborhood and workplace peer effects amount to 7.5 and 5.9 percentage points for electric vehicles indicating that early technologies are more reliant on peer groups. As the estimated peer effect snowballs over time, long-run adoption rates of electric vehicles can be significantly enhanced through social networks.

In [Claire Thürwächter's](#) research projects she investigates how different dimensions of firm heterogeneity matter for the transmission of monetary policy. Her first paper (1) "Heterogeneity in Corporate Debt Structures and the Transmission of Monetary Policy" (with Frédéric Holm-Hadulla) looks at differences due to the debt structure and in particular whether firms borrow more with banks or bond markets. Claire's second paper (2) "Firm Heterogeneity and Monetary Policy Transmission" uses a large micro-level data set and she employs a machine learning algorithm that identifies age and size to be important characteristics for differences in firms' investment elasticities to monetary policy. In contrast Claire finds that firms of high growth do not respond, regardless of age or size of the firm. In a third project (with Karin Kinnerud) they develop a model of heterogeneous firms to look closer into these aspects. In a fourth project (with Frédéric Holm-Hadulla) they try to estimate differences in aggregate transmission if firms in the economy are more or less vulnerable. Furthermore, Claire received a grant from the Thule Foundation (in co-operation with the Skandia Foundation) under the umbrella of research on long-term savings

Publications

One of the main objectives of the IIES is to produce outstanding research for publication in leading international journals. In addition, IIES researchers publish reports, books and chapters in books as well as working papers.

Accepted for Publication

Journals

Mattias Almgren, José-Elías Gallegos, John Kramer and Ricardo Lima

“Monetary Policy and Liquidity Constraints: Evidence from the Euro Area”, *American Economic Journal: Macroeconomics*.

Almut Balleer

“Environmental Quality and Welfare Accounting”, *Macroeconomic Dynamics* (with M. Endrikat).

Timo Boppart

“A Theory of Structural Change that Can Fit the Data”, *American Economic Journal: Macroeconomics* (with S. Alder and A. Mueller).

Timo Boppart, John Hassler and Per Krusell

“Integrated Epi-econ Assessment of Vaccination”, *Journal of Economic Dynamics and Control* (with K. Harmenberg and J. Olsson)

Tobias Broer, Alexandre Kohlhas, Kurt Mitman and Kathrin Schlafmann

“On the Possibility of Krusell-Smith Equilibria”, *Journal of Economic Dynamics and Control*.

Mitch Downey

“Congressional Elections and Union Officer Prosecutions”, *Review of Economics and Statistics*.

Mitch Downey

“Did the War on Terror Deter Ungoverned Spaces? Not in Africa”, *Journal of Development Economics*.

Mitch Downey

“Partial Automation and the Technology-Enabled Deskillings of Routine Jobs”, *Labour Economics: Special Issue on Technology and Inequality*.

John Hassler and Per Krusell

“Suboptimal Climate Policy”, *Journal of the European Economic Association* (with K. Harmenberg and J. Olsson).

John Hassler and Per Krusell

“Directed Technical Change as a Response to Natural-Resource Scarcity”, *Journal of Political Economy* (with C. Olovsson).

Alexandre Kohlhas

“Learning by Sharing”, *American Economic Journal: Macroeconomics*.

Per Krusell

“A World Equilibrium Model of the Oil Market”, *Review of Economic Studies* (with G. Bornstein and S. Rebelo).

Kieran Larkin

“(S)cars and the Great Recession”, *Econometrica* (with O. Attanasio, M. Ravn and M. Padula).

Torsten Persson

“Norms, Enforcement, and Tax Evasion”, *Review of Economics and Statistics* (with T. Besley and A. Jensen).

David Schönholzer

“The Impact of School Facility Investments on Students and Homeowners: Evidence from Los Angeles”, *American Economic Journal: Applied Economics* (with J. Lafortune).

David Schönholzer

“Ethnic Violence Across Space”, *Economic Journal* (with H. Mueller and D. Rohner).

Jakob Svensson

“Can Good Products Drive Out Bad? A Randomized Intervention in the Antimalarial Medicine Market in Uganda”, *Journal of the European Economic Association* (with M. Björkman-Nykqvist and D. Yanagizawa-Drott)

Books and Chapters in Books

Torsten Persson

“Motivated Scientists, Green Innovation and Values”, in Akcigit, U. and van Reenen, J. (eds.), *The Economics of Creative Destruction*, Harvard University Press (with T. Besley).

Published

Journals

Lars Calmfors

“Vad finns det för motiv att vara med i facket?” (What are the Motives for Joining the Union?), *Ekonomisk Debatt*, 49(4): 42-54 (with J. Nederberg and C. Persson).

Lars Calmfors

“Forskningsentreprenören Assar Lindbeck” (The Research Entrepreneur Assar Lindbeck), *Ekonomisk Debatt*, 49(2): 43-54.

Konrad Burchardi and Jonathan de Quidt

“Testing Willingness to Pay Elicitation Mechanisms in the Field: Evidence from Uganda”, *Journal of Development Economics*, 152(Sept): 102701 (with S. Gulesci, B. Lerva and S. Tripodi).

Tessa Bold and Tobias Broer

“Risk Sharing in Village Economies Revisited”, *Journal of the European Economic Association*, 19(6): 3207-3248.

Timo Boppart

“Rising Inequality and Trends in Leisure”, *Journal of Economic Growth*, 26(2): 153-185 (with L. R. Ngai).

Tobias Broer

“Collateralization and Asset Price Bubbles when Investors Disagree about Risk”, *Journal of Banking and Finance*, 128(Jul): 106137 (with A. Kero).

Mitch Downey

“Agency Breadth and Political Influence”, *Journal of Economic Behavior and Organizations*, 188(Aug): 253-268 (with Z. Breig).

John Hassler and Per Krusell

“Suboptimal Climate Policy”, *Journal of the European Economic Association*, 19(6): 2895-2928 (with C. Olovsson).

John Hassler and Per Krusell

“Directed Technical Change as a Response to Natural-resource Scarcity”, *Journal of Political Economy*, 129(11): 3039-3072 (with C. Olovsson).

John Hassler, Per Krusell and Jakob Svensson

“2021 års ekonomipris till David Card, Joshua Angrist och Guido Imbens” (The 2021 Economics Prize to David Card, Joshua Angrist and Guido Imbens), *Ekonomisk Debatt*, 49(8): 5-17 (with T. Andersson, P. Fredriksson, P. Johansson, E. Mörk and I. Werner).

Alexandre Kohlhas

“Asymmetric Attention”, *American Economic Review*, 111(9): 2879–2925 (with A. Walther).

Kurt Mitman

“Whether, When and How to Extend Unemployment Benefits: Theory and Application to COVID-19”, *Journal of Public Economics*, 200(Aug): 104447 (with S. Rabinovich).

Arash Nekoei and Peter Nilsson

“Risk-Based Selection in Unemployment Insurance: Evidence and Implications”, *American Economic Review*, 111(4): 1315–1355 (with C. Landais, D. Seim and J. Spinnewijn).

Peter Nilsson

“Congestion Pricing, Air Pollution, and Children’s Health”, *Journal of Human Resources*, 56(4): 971–996 (with E. Simeonova, J. Currie and R. Walker).

Mats Persson

“Assar Lindbeck som penningteoretiker – doktorsavhandlingen 1963” (Assar Lindbeck as a Monetary Theorist – The PhD Thesis 1963), *Ekonomisk Debatt*, 49(2): 26–34 (with C-H. Siven).

Mats Persson

“Ekonomporträttet – Karl G Jungenfelt” (Portrait of an Economist – Karl G Jungenfelt), *Ekonomisk Debatt*, 49(5): 37–49 (with P. Englund and H. Horn).

Torsten Persson

“Choosing Ethnicity: The Interplay between Individual and Social Motives”, *Journal of the European Economic Association*, 19(2): 1203–1248 (with R. Jia).

Kathrin Schalfmann

“Housing, Mortgages, and Self-Control”, *Review of Financial Studies*, 34(5): 2648–2687.

David Schönholzer

“School Capital Expenditure Rules and Distribution”, *American Economic Association: Papers & Proceedings*, 111(May): 450-454 (with B. Biasi and J. Lafortune).

Jakob Svensson

“COVID-19 Vaccine Acceptance and Hesitancy in Low and Middle Income Countries, and Implications for Messaging”, *Nature Medicine*, 27: 1385-1394 (with A.M. Mobarak, S.B. Omer et al.).

Claire Thürwächter

“Heterogeneity in Corporate Debt Structures and the Transmission of Monetary Policy”, *European Economic Review*, 136: 103743 (with F. Holm-Hadulla).

Anna Tompsett

“Do Community Water Sources Provide Safe Drinking Water? Evidence from a Randomized Experiment in Rural Bangladesh”, *World Bank Economic Review*, 35(4): 969-998 (with S. Coccio-
lo, S. Ghisolfi, Md. A. Habib and S.M.A. Rashid).

Anna Tompsett

“How Does Delegating Decisions to Communities Affect the Provision and Use of a Public Service? Evidence from a Field Experiment in Bangladesh”, *Journal of Development Economics*, 150(May): 102609 (with M. Madajewicz and Md. A. Habib).

Books and Chapters in Books

Ingvild Almås

“Understanding Inequality within Households”, in Zimmermann, K. F. (ed.), *Handbook of Labor, Human Resources and Population Economics*, Cham: Springer International Publishing (with C. Ringdal and I. Hoem Sjursen).

Lars Calmfors

Mellan forskning och politik - 50 år av samhällsdebatt (Between Research and Politics - 50 Years of Public Debate), Stockholm: Ekerlids förlag.

Lars Calmfors

Vad finns det för anledning att vara med i facket? (What is the Reason for Joining the Union?), Stockholm: Fores (with J. Norderberg och C. Persson).

John Hassler

“Macroeconomic Perspectives on the Corona Crisis”, Fang, T. and Hassler, J. (eds.), *Globalization, Political Economy, Business and Society in Pandemic Times*, Bingley: Emerald Publishing Limited.

Torsten Persson and Jakob Svensson

“Alleviating Global Poverty: A Note on the Experimental Approach”, in Lundahl, M., Rauhut, D. and Hatti, N. (eds.), *Poverty in Contemporary Economic Thought*, London: Routledge, 2021 (with P. Fredriksson, S. Jävervall and E. Mörk)

Torsten Persson

“Culture, Institutions, and Policy”, in Bisin, A. and Federico, G. (eds.), *Handbook of Historical Economics*, London: Academic Press (Elsevier) (with G. Tabellini).

Working Papers

Almut Balleer

“The Effect of Biased Labor Market Expectations on Consumption, Wealth Inequality, and Welfare”, CEPR Discussion Paper No. 16444 (with G. Duernecker, S. Forstner and J. Goensch).

Almut Balleer

“Couples’ Time-Use and Aggregate Labor Market Outcomes”, CEPR Discussion Paper No. 16237 (with M. Merz and T. Papp).

Tobias Broer

“The Unemployment-risk Channel in Business Cycle Fluctuations”, CEPR Discussion Paper No. 16639 (with J. Druedahl, K. Harmenberg and E. Öberg).

Tobias Broer, Alexandre Kohlhas, Kurt Mitman and Kathrin Schlafmann

“On the Possibility of Krusell-Smith Equilibria”, CEPR Discussion Paper No. 16667.

Tobias Broer, Alexandre Kohlhas, Kurt Mitman and Kathrin Schlafmann

“Information and Wealth Heterogeneity in the Macroeconomy”, CEPR Discussion Paper No. 15934.

Tobias Broer and Per Krusell

“Macroeconomic Dynamics with Rigid Contracts”, CEPR Discussion Paper No. 16764 (with K. Harmenberg and E. Öberg).

Konrad Burchardi and Jonathan de Quidt

“Credit Constraints and Demand for Remedial Education: Evidence from Tanzania”, CEPR Discussion Paper No. 15862 (with S. Gulesci and M. Sulaiman).

Tillman von Carnap

“Remotely-sensed Market activity as a Short-run Economic Indicator in Rural Areas of Developing Countries”, SSRN Research Paper Series, December 8 2021.

Laia Navarro-Sola

“Secondary Schools with Televised Lessons: The Labor Market Returns of the Mexican Telesecundaria”, HCEO Working Paper No. 2021-053.

Arash Nekoei and Fabian Sinn

“Social Inclusion: Definition and Measurement”, SSRN Research Paper Series, July 26.

Arash Nekoei and Fabian Sinn

“Herstory: The Rise of Self-Made Women”, CEPR Discussion Paper No. 15736.

Lars E.O. Svensson

“Household Debt Overhang Did Hardly Cause a Larger Spending Fall during the Financial Crisis in Australia”, CEPR Discussion Paper No. 16094 and NBER Working Paper No. 28776.

Lars E.O. Svensson

“Household Debt Overhang Did Hardly Cause a Larger Spending Fall during the Financial Crisis in the UK”, CEPR Discussion Paper No. 16059 and NBER Working Paper No. 28806.

Reports

Lars Calmfors

Kompetanse, aktivitet og inntektssikring - Tiltak for økt sysselsetting (Competence, Activity and Income Security - Measures for Increased Employment), Norges offentlige utredninger, NOU 2021:2 (with S. Holden, G. Brochman, H. Høyenes, K. Røed, K. von Simson, H-C. Gabrielsen, R. Lied, E. Kollerud, K. Sollien, O. E. Almlid, T-A. Gangsø, I. Horneland Kristensen and A. K. Bratten).

Torsten Persson

Sverige under pandemin (Sweden during the Pandemic), Statens offentliga utredningar, SOU 2021:81 (with M. Melin, S. Ahlback Öberg, A. Enander, V. Jovic, C. Lif, J. Sonnergård, G. Stiernstedt and M. Thorslund).

Other publications

Mats Persson

“In Memoriam: Assar Lindbeck 1930-2020”, *Annual Report 2020*, Institute for International Economic Studies, Stockholm University.



Completed Doctoral Thesis

Graduate students continuously produce research of high quality during their time at the IIES. This research culminates in their thesis, of which a number are published and defended each year. During 2021 the following thesis was successfully defended at the IIES:

Divya Dev:

Essays on Gender, Development and Political Economy

Divya's thesis is mainly focused on the drivers and impact of women in the public sector and on migrants' voting behavior. The first chapter that looks at the long-term effects of missionary activity is a chapter that Divya really enjoyed working on and found its results quite surprising. She finds that early 20th century missionary activity continues to be relevant even today! Women





Divya Dev, with IIES director Jakob Svensson at the defense in September.

and girls living in areas which had a greater level of Protestant missionary activity have more years of education, higher levels of empowerment and greater participation in the formal labor force. The chapter, in addition to reporting its findings, raises some questions regarding how education and empowerment relate to female labor force participation and how policies may be designed to affect these outcomes.

Placement of IIES Graduate Student 2021

- Divya Dev – Storytel



Teaching

In addition to conducting research, the faculty at the IIES also undertake teaching at the Undergraduate, Masters and Graduate levels at Stockholm University. These are the courses that have been taught by IIES faculty during 2021.

Spring 2021

Masters level

- **Climate and the Economy**

John Hassler and Per Krusell (with C. Olovsson)

PhD level

- **Applied Macroeconomic Research**

Per Krusell, Kurt Mitman and Yimei Zou (with P. Klein)

- **Design Based Research**

Laia Navarro-Sola, Arash Nekoei, Peter Nilsson, Torsten Persson and David Schönholzer (with D. Seim and D. Strömberg)

- **Econometrics II**

Konrad Burchardi, Arash Nekoei and David Schönholzer

- **Labor Economics IV**

Mitch Downey

- **Macroeconomics I**

Timo Boppart (with L. Ljungqvist)

- **Macroeconomics II**

Per Krusell and Kurt Mitman

- **Monetary Economics**

Per Krusell and Kurt Mitman (with D. Finocchiaro, A. Westermarck and D. Vestin)

- **Political Economics II**

Torsten Persson (with D. Strömberg)

- **Political Economics III**

Mitch Downey, Torsten Persson and David Schönholzer (with A. Madestam, D. Strömberg and F. Szuc)

- **Publish or Perish?**

Ingvild Almås, Tessa Bold, Jonathan de Quidt, Jakob Svensson and Anna Tompsett (with J. Haushofer)

- **Topics in Growth and Trade**

Timo Boppart, Per Krusell and Yimei Zou

Fall 2021

Undergraduate level

- **Makroteori med tillämpningar**

John Hassler

Masters level

- **Development Economics**
Jakob Svensson
- **Policy Analysis in Labor Economics**
Arash Nekoei and Peter Nilsson

PhD level

- **Behavioral Economics I**
Ingvild Almås and Jonathan de Quidt (with R. Östling)
- **Development Economics I**
Ingvild Almås, Jakob Svensson and Anna Tompsett (with A. Madestam)
- **Development Economics II**
Ingvild Almås, Konrad Burchardi, Laia Navarro-Sola and Jonathan de Quidt (with M. Björkman-Nyqvist, J. Haushofer and A. Singh)
- **Labor Economics I**
Mitch Downey and Arash Nekoei (with J. Sigurdsson)
- **Mathematics II**
Tessa Bold and Alexandre Kohlhas
- **Mathematics III**
Tessa Bold
- **Microeconomics I**
Alexandre Kohlhas (with J. Josephson)
- **Quantitative Macroeconomic Methods I**
Per Krusell and Kieran Larkin
- **Quantitative Macroeconomic Methods II**
Kieran Larkin, Alexandre Kohlhas and Kurt Mitman



John Hassler at an announcement of the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Photo: Markus Marcetic, KVA.

Extramural Activities

Several members of the IIES faculty take part in public affairs and influence public policies. They often appear in the media, participate prominently in the public economic discourse, serve in government commissions of inquiry, and more.

Ingvild Almås

- Member of the committee for Monetary Policy and Financial Stability.
- Chair of the program board at the Research Council of Norway (the largest program in Social Sciences).

Almut Balleer

- Research Affiliate at Center for Economic Policy Research (CEPR).
- Research Professor at ifo Institute in Munich.
- Managing Editor *German Economic Review*.

- On the program committee of the Annual Meeting of the European Economic Association.
- On the program committee of the Annual Meeting of the German Economic Association.

Timo Boppart

- Member of the editorial board of the *Review of Economic Studies*.
- Associate Editor of *Quantitative Economics*.

Konrad Burchardi

- Associate Editor of the *Review of Economic Studies*.

Lars Calmfors

- Member of the Swedish Minister for Finance's advisory group on economic COVID matters.
- Member of the Advisory Council (Insynsrådet) at Sieps (the Swedish Institute for European Policy Studies).
- Member of Government Commission on Employment (Systemsettingsutvalget) in Norway.
- Chair of Scientific Advisory Council at FORES (Forum for Reforms, Entrepreneurship and Sustainability).

Harry Flam

- Senior advisor at Swedish Institute for European Policy Studies.
- Editor of *Nordic Economic Policy Review*.

Mattias Folkestad

- Member of the Advisory Council of the National Library of Sweden.

Alexandre Kohlhas

- Member of the committee of the Danish Economic Association.

John Hassler

- Member of the Royal Swedish Academy of Sciences (KVA).
- Member of the Swedish Royal Academy of Engineering Sciences (IVA).
- Member of the board of Stockholm Resilience Center.
- Member of the board of FORES, the think tank Forum for Reforms, Entrepreneurship and Sustainability.
- Chair of the scientific advisory board of climate change at the seventh AP fund.
- Member of the scientific advisory board at the National Institute of Economic Research (Konjunkturinstitutet).
- Member of the scientific advisory board at the Swedish National Audit Office (Riksrevisionen).
- Voting member of the prize committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.

Per Krusell

- On the macro board of Konjunkturinstitutet.
- Secretary of the prize committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.

Kurt Mitman

- Appointed to the Center for Monetary Policy and Financial Stability (CeMoF) management team.
- Managing Editor of the *Review of Economic Studies*.
- Expert to the European Commission.
- Visiting scholar at Danmarks Nationalbank.

Peter Nilsson

- Associate Editor of *The Economic Journal*.

Torsten Persson

- Member of the Swedish Corona Commission.
- Centennial Professor at the London School of Economics
- Co-Director of Institutions, Organizations, and Growth pro-

gram (previously funded by CIFAR, but from 2019 by the Becker-Friedman Institute at the University of Chicago).

Kathrin Schlafmann

- Ökonominnennetzwerk (consulting group) for the German Ministry of Economics (BMWi).

Jakob Svensson

- Member of the Prize Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel.
- Member of the Service Delivery Indicators' (SDI) Steering Committee.
- Member Europe's Advisory Group, Center for Global Development (CDG).
- Chairman of the Board, Association of Swedish Development Economists (ASWEDE).
- Elected Member, Board of Trustees, SNS.
- Member of the Technical Advisory Board for the Global Education Policy Dashboard.

Lars E.O. Svensson

- Member of Advisory Scientific Committee, European Systemic Risk Board.

The IIES in the Media

Stockholm University has an explicit so-called ‘third aim’ which calls for research to be spread outside of academia. IIES researchers frequently appear in both national and international media through interviews, written pieces and more. The IIES is also very active through its social media accounts on Facebook, Twitter and more recently LinkedIn.

Several members of the IIES faculty wrote op-eds in the two leading Swedish dailies *Dagens Nyheter* (DN) and *Svenska Dagbladet* (SvD), as well as *Dagens industri* (Di). [Lars Calmfors](#) was also a regular columnist in DN.

[John Hassler](#) writes a bi-weekly editorial for the Swedish daily evening paper, *Expressen*.

Many have also written regular blog posts on the Swedish economics blog, *Ekonomistas*, as well as on *VoxEU*, *VoxDev*, and others.

IIES faculty and graduate students are regularly interviewed in newspapers, on TV, radio and podcasts giving expert commentary on an array of topics, and their research is often mentioned both in Swedish and international media such as *A Tribuna*, *Gazzetta del Sud*, *Svenska Dagbladet* (SvD), *Dagens industri* (Di), Sveriges Television (SVT), Sveriges Radio, *Arbetsvärlden* podcast and more.

On social media, the IIES regularly publishes the latest news with an aim to find new contacts and make our research and institute known to a wider audience.

De São Vicente para o mundo: economista chega a pesquisador do Federal Reserve de Chicago

Ampliando a carreira bem-sucedida, Gustavo Moreira fará pós-doutorado em Estocolmo, na Suécia



Contact Details

Postal address

Institute for International Economic Studies
Stockholm University
(For the Attention Of)
SE-106 91 Stockholm
SWEDEN

N.B. Please avoid sending registered letters.

Visiting address

Institute for International Economic Studies
A-building floor 8, Södra Huset
Stockholm University, Universitetsvägen 10
104 05 Stockholm
SWEDEN

Telephone

+46 8 16 20 00 (switchboard)
+46 8 16 14 43 (telefax)

Press Contact

Hanna Weitz: hanna.weitz@iies.su.se

Website

www.iies.su.se

Social media



@IIES_Sthlm



@iies.sthlm



[linkedin.com/company/iies-sthlm](https://www.linkedin.com/company/iies-sthlm)

Institute for International Economic Studies (IIES)
iies.su.se



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