



Stockholm
University

INSTITUTE FOR
INTERNATIONAL
ECONOMIC STUDIES

Annual Report

2016/2017

Research Activities
Staff and Organization
Publications

The Institute for International Economic Studies

Stockholm University

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JAKOB SVENSSON

Deputy Director:

JOHN HASSLER

Board of Governors:

ANDERS BJÖRKLUND, Professor

LOVE EKENBERG, Professor

HARRY FLAM (from Dec, 2016)

LARS O GRÖNSTEDT (until Nov, 2016)

JOHN HASSLER, (Deputy Chair) Professor

LARS HEIKENSTEN, Executive Director of
the Nobel Foundation

KARL O. MOENE, Professor

ULRIKA MÖRTH, Professor (until Dec,
2016)

MICHAEL SOHLMAN

JAKOB SVENSSON, (Chair) Professor

Administration:

CHRISTINA LÖNNBLAD (Head)

ANNIKA ANDREASSON

KARL ERIKSSON (IT Support)

VIKTORIA GARVARE

ULRIKA GÄLNANDER (from March, 2017)

TOVE HAPPONEN

HANNA WEITZ (on leave)

Research Assistants:

AGNETA BERGE

MIRIAM HURTADO BODELL

JOHN KRAMER

CAROLINA LINDHOLM

XUEPING SUN

Visitors Program and Seminars:

TIMO BOPPART

KONRAD BURCHARDI

VIKTORIA GARVARE

ULRIKA GÄLNANDER

ROBERT ÖSTLING

Publications:

VIKTORIA GARVARE

HANNA WEITZ (on leave)

Professors:

LARS CALMFORS
HARRY FLAM
JOHN HASSLER
PER KRUSELL
ASSAR LINDBECK
MATS PERSSON
TORSTEN PERSSON
DAVID STRÖMBERG (until March, 2017)
PETER SVEDBERG
JAKOB SVENSSON

Affiliated Professo :

LARS E.O. SVENSSON

Research Fellows:

INGVILD ALMÅS
ALMUT BALLEER
TESSA BOLD
TIMO BOPPART
TOBIAS BROER
KONRAD BURCHARDI
JONATHAN DE QUIDT
SEBASTIAN KOEHNE
ALEXANDRE KOHLHAS
KURT MITMAN
ARASH NEKOEI
PETER NILSSON
ANNA SANDBERG
KATHRIN SCHLAFMANN
ROBERT ÖSTLING

Graduate Students:

ANNA AEVARSDOTTIR
SERENA COCCIOLO
SAMAN DAROUGHEH

SIRUS DEHDARI
RICHARD FOLTYN
SELENE GHISOLFI
NIELS-JAKOB HARBO HANSEN
KARL HARMENBERG
MATHIAS IWANOWSKY
MOUNIR KARADJA
MATILDA KILSTRÖM
SHUHEI KITAMURA
KASPER KRAGH-SØRENSEN
NATHANIEL LANE
BENEDETTA LERVA
HANNES MALMBERG
JAAKKO MERILÄINEN
MATTI MITRUNEN
JONNA OLSSON
ERIK PRAWITZ
JÓSEF SIGURDSSON
MIRI STRYJAN
HAS VAN VLOKHOVEN
MAGNUS ÅHL
ERIK ÖBERG

Visiting Graduate Students:

MICHELA CARLANA
DIVYA DEV

Visiting Fellows:

JOSEPH BRIGGS, NEW YORK UNIVERSITY
INGE VAN DEN BIJGAART, UNIVERSITY OF
GOTHENBURG
JOHANNES HAUSHOFER, PRINCETON
UNIVERSITY
TAE-YEOUN LEE, RYUKOKU UNIVERSITY
LINNA MARTÉN, STANFORD UNIVERSITY
CHRIS ROTH, UNIVERSITY OF OXFORD
JULIA TANNDAL, BROWN UNIVERSITY

News at the Institute 2016/2017

MATTIAS ALMGREN, DIVYA DEV, JOSÉ-ELÍAS GALLEGOS, MARKUS KARLMAN, KARIN KINNERUD, JOHN KRAMER, SREYASHI SEN and XUEPING SUN were admitted as graduate students in the fall of 2017.

INGVILD ALMÅS has agreed to serve as an editor for *The Scandinavian Journal of Economics*.

INGVILD ALMÅS, JONATHAN DE QUIDT and ROBERT ÖSTLING received funding for the project “Experiments on Economic Behavior under Constraints” from Handelsbanken’s Research Foundations amounting to SEK 2 000 000.

ALMUT BALLEER has served as a CEPR Research Affiliate and a managing editor of *German Economic Review*.

AGNETA BERGE and CAROLINA LINDHOLM received a Ljungbergsfond grant.

NEELE BALKE, with a PhD from University College London, has accepted an Assistant Professor position at the Institute, starting in the fall of 2018. She is spending the current academic year as a post doc at University of Chicago.

TIMO BOPPART received funding for the project “Directions of Future Growth” from the Swedish Research Council amounting to SEK 2 400 000 in November 2016.

TOBIAS BROER, ALEXANDRE KOHLHAS, KURT MITMAN and KATHRIN SCHLAFMANN were awarded SEK 7 400 000 by the Ragnar Söderberg Foundation in Economic Sciences for their project “Macroeconomic Policy Analysis for the 21st Century”.

LARS CALMFORS was appointed chief editor of the *Nordic Economic Policy Review*. He also took up a part-time position as a scientific advisor at Fores (Forum for Reforms, Entrepreneurship and Sustainability) in Stockholm.

MITCH DOWNEY, with a PhD from University of California, San Diego, has accepted an Assistant Professor position at the Institute, starting in the fall of 2018. He will spend the academic year 2017/2018 at Washington University in St. Louis.

ULRIKA GÄLNANDER joined the Institute as an administrator in February 2017. She holds a temporary position until May 2018, replacing Annika Andreasson who is on part time

leave to study for a Master's Degree.

TOVE HAPPONEN joined the Institute as an administrator in November 2016 and currently holds a position until October 2018.

NIELS-JAKOB HARBO HANSEN successfully defended his doctoral thesis *Jobs, Unemployment, and Macroeconomic Transmission* in September 2016. Mike Elsby, University of Edinburgh, was the discussant. Niels-Jakob joined The International Monetary Fund as an economist, starting mid-September 2016.

JOHN HASSLER received a grant amounting to SEK 5 010 000 from the Swedish Research Council for the project "Global Boundaries for Sustainable Growth" in November 2016.

MOUNIR KARADJA successfully defended his doctoral thesis *On the Economics and Politics of Mobility* in September 2016. Maria Petrova, IPEG, was the discussant. Mounir joined the Department of Economics at Uppsala University as a Post Doc in the fall of 2016.

MOUNIR KARADJA and ERIK PRAWITZ were granted An Oliver Williamson Best Conference Paper Award from The Society for Institutional & Organizational Economics for the best paper delivered at the SIOE conference.

SHUHEI KITAMURA successfully defended his doctoral thesis *Land, Power and Technology: Essays on Political Economy and Historical Development* in September 2016. Elias Papaioannou, LBS, was the discussant. He joined the W. Allen Wallis Institute of Political Economy at University of Rochester as a Post Doc in the fall of 2016.

SEBASTIAN KOEHNE will take up a position at Uppsala University as of September 2017. He will be on leave from the Institute in the academic year 2017/2018.

ALEXANDRE KOHLHAS will be on paternal leave in the period September-November 2017.

MARKUS KONDZIELLA and EVELINA LINNROS will join the Institute as research assistants in September 2017.

KASPER KRAGH-SØRENSEN will visit Sveriges riksbank for two months in the fall of 2017. He will also spend the spring of 2018 at New York University.

NATHANIEL LANE will spend one year as a postdoc at MIT and then he will join Monash University as an Assistant Professor.



Annual IIES sailing trip, June 2017. Photo by: Konrad Burchardi.

HANNES MALMBERG successfully defended his doctoral thesis *Human Capital in Development Accounting and Other Essays in Economics* in June 2017. Esteban A. Rossi-Hansberg, Princeton University, was the discussant. Hannes will spend one year as a Post Doc at Stanford University and then join University of Minnesota as an Assistant Professor.

JAAKKO MERILÄINEN spent the fall of 2016 at the Political Science Department at Stanford University.

KURT MITMAN received the AER Excellence in Refereeing Award for producing several high-quality reports during 2014 and 2015 and providing valuable assistance to the co-editors in particularly difficult cases. He was also elected to join the Editorial Board of the *Review of Economic Studies*, starting January 2017, and was appointed associate editor at the *Journal of the European Economic Association* and *Macroeconomic Dynamics*. He was appointed as a researcher (part time) at the Economics Department at University of Oslo. Kurt was a visiting scholar at the Federal Reserve Banks of St. Louis and New York and a research visitor at the Cambridge-INET institute.

MATTI MITRUNEN will visit The Harris School of Public Policy, University of Chicago, for a couple of months in the fall of 2017.

PETER NILSSON received a grant amounting to SEK 2 600 000 from FORMAS for the project “Can Environmental Policies Reduce Inequality in Children’s Life Trajectories? Evidence from the Phase-out of Leaded Gasoline”. He also received grants from FORTE and SAMRC (South African Medical Research Council) to initiate research collaborations with South African researchers in the project “The Impact of Alcohol Availability on Inequalities in Children’s Health: Evidence from Sweden and South Africa”.

ERIK PRAWITZ has accepted a tenure-track position at The Research Institute of Industrial Economics (IFN), starting in the fall of 2017.

ANNA SANDBERG was awarded a Junior Research Grant from FORTE of SEK 3 230 000 for her project “Determinants of Economic Gender Gaps: New Perspectives”. She also received funding amounting to SEK 2 812 000 from the Swedish Research Council for the project “Determinants of Economic Gender Gaps: New Perspectives” in November 2016. Anna will leave the Institute and take up a position at the Swedish Institute for Social Research as of September 2017.

ÅSA STORM left the Institute in September 2016 to take up an administrative position at the Department of Physics, Stockholm University.

MIRI STRYJAN successfully defended her doctoral thesis *Essays on Development Policy and the Political Economy of Conflict* in September 2016. Rohini Somanathan, DSE, was the discussant. She joined the Department of Economics at Ben Gurion University of the Negev in Israel as an Assistant Professor in the fall of 2016.

DAVID STRÖMBERG received funding from the Swedish Research Council amounting to SEK 2 820 000 for the project “The Effect of Chinese Micro Blogs on Strikes, Protests and Accountability” in November 2016. He has also received an ERC Advanced Grant for a project on the effects of the explosive growth of social media in China. As of April 1 2017, he is at the Department of Economics, Stockholm University.

JAKOB SVENSSON will visit the Research Department of the World Bank for 10 weeks in the fall of 2017.

ERIK ÖBERG successfully defended his doctoral thesis *On Money and Consumption* in June 2017. Marco Bassetto, Federal Reserve Bank of Chicago, was the discussant. Erik will join Uppsala University as an Assistant Professor in the fall of 2017.

ROBERT ÖSTLING was promoted to Associate Professor (Docent and Senior Lecturer) in the spring and summer of 2017.

Staff Research Activities 2016/2017

INGVILD ALMÅS published several papers: (1) “The PPP Approach Revisited: A Study of RMB Valuation against the USD”, forthcoming in *Journal of International Money and Finance* (with Mandeep Grewal, Marielle Hvide and Serhat Ugurlu); (2) “A Behaviour-based Approach to the Estimation of Poverty in India”, forthcoming in *The Scandinavian Journal of Economics* (with Anders Kjelsrud and Rohini Somanathan); (3) “Measuring and Changing Control: Women’s Empowerment and Targeted Transfers”, forthcoming in *Economic Journal* (with Alex Armand, Orazio Attanasio and Pedro Carneiro); (4) “Rags and Riches: Relative Prices, Non-homothetic Preferences, and Inequality in India”, *World Development*, 2017 (with Anders Kjelsrud); (5) “Willingness to Compete - Family Matters”, *Management Science*, 2016 (with Alexander W. Cappelen, Kjell G. Salvanes, Erik Ø. Sørensen and Bertil Tungodden); (6) “What Explains the Gender Gap in College Track Dropout?”, *American Economic Review: Papers and Proceedings*, 2016 (with Alexander W. Cappelen, Kjell G. Salvanes, Erik Ø. Sørensen and Bertil Tungodden); (7) “Fairness and Family Background”, *Politics, Philosophy and Economics*, 2016 (with Alexander W. Cappelen, Kjell G. Salvanes, Erik Ø. Sørensen and Bertil Tungodden). Ingvild also gave a seminar at Oxford University titled “Cutthroat Capitalism versus Cuddly Socialism: Are Americans more Meritocratic and Efficiency-Seeking than Scandinavians?” together with Alexander Cappelen and Bertil Tungodden.

ALMUT BALLEER, partially being on parental leave, gave a seminar at University of Konstanz, as well as conference presentations and discussions at The European Summer Symposium in Macroeconomics (ESSIM), Helsinki, May 2016; Workshop DFG Priority Program on Financial Markets and the Macroeconomy, Konstanz, February 2017; DFG and CEPR conference on Financial Markets and Macroeconomic Performance, Frankfurt, May 2017; and Verein für Socialpolitik Ausschuss für Makroökonomie, Luxembourg, June 2017.

TESSA BOLD published the paper (1) “Lemon Technologies and Adoption: Measurement, Theory and Evidence from Agricultural Markets in Uganda” (with Kayuki C. Kaizzi, David Yanagizawa-Drott and Jakob Svensson) in *Quarterly Journal of Economics* 132:1, 2017. Her paper on (2) “Enrollment without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa” is forthcoming in *Journal of Economic Perspectives* in the fall of 2017. Building on this research on teacher quality and learning in sub-Saharan Africa, she has completed a paper entitled (3) “The Lost Human Capital: Teacher Knowledge and Student Achievement in Africa” (with Deon Filmer, Ezequiel Molina and Jakob Svensson), which has been submitted for publication. Tessa has also been working on requested revisions for (4) “Village Risk-sharing Revisited” (with Tobias Broer) and (5) “Experimental

Evidence on Scaling up Education Reforms in Kenyan Education” (with Justin Sandefur, Germano Mwabu and Alice Ng’ang’a). The paper (6) “Measuring the Rents from Public Employment: Regression Discontinuity Evidence from Kenya” (with Justin Sandefur and Nick Barton) has been submitted for publishing. Tessa continued to work with Ingvild Almås and Shuhei Kitamura on a project studying the effects of temperature on economic



Assar Lindbeck and Timo Boppart, 2017. Photo by: Ingvild Almås.

behavior and preferences and this project has now been extended to include a research group from Berkeley led by Ted Miguel. She has also completed a paper on the welfare effects of rural electrification with Anna Aejarsdottir and Nick Barton.

TIMO BOPPART has been working on the papers (1) “Labor Supply in the Past, Present, and Future: Who and How Much?” (with Per Krusell and Jonna Olsson); (2) “Rising Leisure Inequality” (with Rachel Ngai); (3) “A Theory of Structural Change that Can Fit the Data!” (with Simon Alder and Andreas Müller); and (4) “Missing Growth” (with Philippe Aghion, Antonin Bergeau, Pete Klenow and Huiyu Li). He also revised the paper (5) “Labor Supply in the Past, Present, and Future: a Balanced-growth Perspective” (with Per Krusell) and published (6) “Hur mycket vi arbetar – dåtid, nutid och framtid” (How Much Do We Work: The Past, the Present, and the Future), *Ekonomisk Debatt* 45:1, 2017 (with Per Krusell). Timo presented his work at the NORMAC conference in Ebeltoft, Gothenburg, at Autònoma in Barcelona, the Swiss Economist Abroad meeting, University of Kent, Swedish Ministry of Finance, University of Luxembourg, University of Konstanz, the ICP conference at Princeton, the SED, as well as the NBER SI (EF&G). He also served on the junior hiring committee and co-organized the seminar series at the Institute.

During the year, TOBIAS BROER has been working on several papers: (1) “Collateralised Lending and Asset Prices when Investors Disagree about Risk” (with Afroditi Kero); (2) “The New Keynesian Transmission Mechanism: A Heterogeneous Agent Perspective” (with Niels-Jakob Harbo Hansen, Per Krusell and Erik Öberg); and (3) “Risk Sharing in Village Economies Revisited” (with Tessa Bold). He also presented his work at the First Annual CEPR Spring Symposium in Financial Economics in London, the Nordic Macro Conference 2016 in Smøgen, University of Oslo, Goethe University Frankfurt and Bocconi University.

KONRAD BURCHARDI made publicly available the results from a large-scale experiment designed to understand the role of agricultural tenancy contracts for low agricultural output and productivity in developing countries, in the paper (1) “Moral Hazard: Experimental Evidence from Tenancy Contracts”, CEPR Discussion Paper 12232. He presented this work at The Swedish Ministry of Finance, Stockholm School of Economics, and Goethe University (Frankfurt). Further, he submitted the findings from his research on the long-run effects of international migrations on economic integration (2) “Migrants, Ancestors, and Investments”, NBER Working Paper 21847 for publication in *Review of Economic Studies*, and has been invited to resubmit a revised version. Konrad presented this work at Bocconi University (Milan), Toulouse School of Economics, Zurich University, Einaudi Institute (Rome), the BREAD Workshop (Stanford) and the Barcelona Summer Forum. Konrad stayed for several short research visits at the London School of Economics for his joint

work with Timothy Besley and Maitreesh Ghatak. The results of this work are now available as the working paper (3) “Financial Inclusion, Entrepreneurship and Employment Creation: Theory and Quantitative Assessment.”

LARS CALMFORS worked mainly on issues concerning wage formation, labor market policy, labor market integration of immigrants and the economic governance of the euro area. He served as the chief editor of *Nordic Economic Policy Review*. He published or wrote: (1) “Migration, sysselsättning och löner - Hur ska vi ta itu med arbetsmarknadens tudelning?” (Migration, Employment and Wages – How Should We Handle the Polarised Labour Market) in Eklund, J. (ed.), *Immigration, ekonomisk integration och entreprenörskap: Swedish Economic Forum Report 2016*, Entreprenörskapsforum (Swedish Entrepreneurship Forum); (2) *Tudelningarna på arbetsmarknaden – Arbetsmarknadsekonomisk rapport 2017* (The Duality of the Labour Market) (with Petter Danielsson, Ann-Sofie Kolm, Per Skedinger and Tuomas Pekkarinen), Arbetsmarknadsekonomiska rådet (the Swedish Labour Policy Council); (3) *The Duality of the Swedish Labour Market – Summary of the 2017 Report by the Swedish Labour Policy Council* (with Petter Danielsson, Ann-Sofie Kolm, Per Skedinger and Tuomas Pekkarinen), Swedish Labour Policy Council; (4) *Eurokrisen, eurosamarbetets regelsystem och den framtida integrationen* (The Euro Crisis, the Governance of the Eurozone and Future Integration), Report 2017:1, *Sieps* (Swedish Institute for European Policy Studies); (5) “Särskilt yttrande om Finanspolitiska rådet” (Expert Statement on the Fiscal Policy Council), *En översyn av överskottsmålet* (A Review of the Fiscal Surplus Target), Betänkande av Överskottsmålsskommittén (Report by the Government Commission on the Fiscal Surplus Target), SOU2016:67, Stockholm; and (6) “Hur ändamålsenlig är industrins märkessättning”, to be published by *Ekonomisk Debatt*.

JONATHAN DE QUIDT was working on projects on land markets in developing countries, sources of misallocation in developing countries, on the theory of and evidence for implicit preferences in individual decision-making, on the economics of depression, and on experimenter demand effects. His new working papers include: (1) “Measuring and Bounding Experimenter Demand”, NBER Working Paper 23470 (with Johannes Haushofer and Chris Roth); (2) “Depression for Economists”, NBER Working Paper 22973 (with Johannes Haushofer); (3) “Land Trade and Development: A Market Design Approach”, CESifo Working Paper (with Gharad Bryan, Tom Wilkening and Nitin Yadav). Also a few papers were accepted for publication: (4) “Your Loss Is My Gain: A Recruitment Experiment with Framed Incentives”, forthcoming in *Journal of the European Economic Association*; (5) “Bonus versus Penalty: How Robust Are the Effects of Contract Framing?” (with Francesco Fallucchi, Felix Kölle, Daniele Nosenzo and Simone Quercia), accepted in *Journal of the Economic Science Association*; also the paper (6) “Depression through the Lens of Economics: A Research Agenda” (with Johannes Haushofer) was accepted in *The*

Economics of Asset Accumulation and Poverty Traps. In addition, Jonathan gave seminars and attended conferences at: ASSA Meetings; Oxford; Wharton; LSE; Sussex; RES annual meeting; Bonn; Cologne; SITE experimental; Wisconsin; Gothenburg; NHH Bergen; Berlin; CESifo behavioral conference.

This academic year HARRY FLAM, together with Roine Vestman, revised their working paper (1) “Swedish Equity Mutual Funds: Performance, Persistence and Presence of Skill”, which has now been published in the *Swedish House of Finance Research Paper* No. 14-04.

The main focus of JOHN HASSLER’s research this year has remained on the economics of climate change. John, together with Per Krusell and Tony Smith at Yale, has written a chapter on the economics of climate change that appeared in the new edition of *Handbook of Macroeconomics*. The paper (1) “Impacts of Climate Mitigation Strategies in the Energy Sector on Global Land Use and Carbon Balance” (with Kerstin Engström, Mats Lindeskog, Stefan Olin and Ben Smith) was accepted for publication in *Earth System Dynamics*. The previously accepted paper (2) “The Fossil Episode” (with Hans-Werner Sinn) was published in *Journal of Monetary Economics*. The paper (3) “Should Developing Countries Constrain Resource-income Spending? A Quantitative Analysis of Oil Income in Uganda” (with Per Krusell, Abdulaziz Shifa and Daniel Spiro) was published in *Energy Journal*.

SEBASTIAN KOEHNE published (1) “On the Taxation of Durable Goods” in *International Economic Review* and started new research projects on the efficient design of tax deductions, distributional consequences of medical progress, capital income taxation, and risk sharing in dynamic groups. He presented his work at University of Cologne, Linnaeus University, University of Bristol, University of Eichstätt-Ingolstadt, Uppsala University, Kiel University, IIPF Annual Congress and CESifo Munich.

ALEXANDRE KOHLHAS revised and worked on the following research papers: (1) “Safety Is Paramount: On the Demand for Safe Assets (with Simon Boserup, Ansgar Walther and Selma Walther)”; (2) “Learning-by-Sharing: Monetary Policy and the Informativeness of Prices”; and (3) “An Informational Rationale for Instrument Policy”. He also started two new projects with the working titles (4) “Sparse Expectations” (with Ansgar Walther) and “Forecaster (Mis-)behavior: Strategic Incentives or Behavioral Bias?” (with Tobias Broer). Alexandre presented his work at the CEF conference, Banque de France, Cambridge University, Sveriges riksbank, Oxford University and Bank of England. He also visited Copenhagen University, acted as a discussant at the Cowles Summer Conferences, NYU Stern Imperfect Information Conference, Unil Conference on Imperfect Information, and served on the graduate student admissions committee in economics.

PER KRUSELL worked on a variety of research topics within macroeconomics broadly defined (inequality, growth, labor markets, financial economics, political economy and public economics) and on the project on economics and global climate change, which involves cooperation with other scientists in Sweden and abroad.

ASSAR LINDBECK has been working on the following papers: (1) “Investment, Rational Inattention and Delegation”, IFN Working Paper 1171 (with Jörgen Weibull); (2) “Immigration and Anti-social Behavior” (unfinished, with Mats Persson); (3) “Idiosyncratic Reflections on Economics as a Science” (speech at prize ceremony at Kiel University in connection with the reward of the 2017 Global Economy Prize), forthcoming in *Journal of Economics*.

KURT MITMAN’s research has focused on macroeconomics, broadly defined, with a particular emphasis on labor markets, and credit and housing markets. He published (1) “Macroeconomic Effects of Bankruptcy and Foreclosure Policies” in *American Economic Review* 106:8, 2016. He worked at revising: (2) “Do Unemployment Benefit Extensions Explain



Torsten Persson is making a brief presentation of his paper “Who Becomes a Politician?”, forthcoming in the Quarterly Journal of Economics 132:4, 2017.

the Emergence of Jobless Recoveries?” (with Stanislav Rabinovich) for *Journal of Political Economy*; (3) “Unemployment Benefits and Unemployment in the Great Recession: The Role of Macro Effects” (with Marcus Hagedorn, Fatih Karahan and Iouri Manovskii) for *Journal of Political Economy*; (4) “The Impact of Unemployment Benefit Extensions on Employment: The 2014 Employment Miracle?” (with Marcus Hagedorn and Iouri Manovskii) for *American Economic Review*. He released the following new working papers: (5) “The Housing Boom and Bust: Model Meets Evidence”, NBER Working Paper 23694 (with Greg Kaplan and Gianluca Violante); (6) “Non-durable Consumption and Housing Net Worth in the Great Recession: Evidence from Easily Accessible Data”, NBER Working Paper 22232 (with Greg Kaplan and Gianluca Violante); (7) “Interpreting Recent Quasi-experimental Evidence on the Effects of Unemployment Benefit Extensions”, NBER Working Paper 22280 (with Marcus Hagedorn and Iouri Manovskii).

Kurt also gave research seminars at Princeton, NYU, Columbia, Maryland, Queen Mary, CityU Hong Kong, UCL, London Business School, Frankfurt Goethe, Washington University/Federal Reserve Bank of St. Louis, Missouri, Sveriges riksbank, Swedish House of Finance, CEMFI, Carlos III, Banco de Espana, Bristol, Cambridge, Bocconi and Uppsala. He was an organizer for the Economic Growth and Fluctuations Group at the Barcelona Summer Forum and the European Summer Meeting of the Econometric Society in Lisbon. He presented his research at the following conferences: NBER Economic Fluctuations and Growth Workshop, Cambridge, NBER Summer Institute (EFACR, EFBGZ, ME, MEFM, EFMPL), Minnesota Workshop in Macroeconomic Theory, Society of Economic Dynamics Annual Meeting, Barcelona Summer Forum Economic Growth and Fluctuations Group, New Faces in Macro Conference, EABCN Meeting on “Recent Developments in Monetary Policy Research”, Workshop on Macroeconomics and Financial Markets in Konstanz, Konstanz Seminar on Monetary Theory and Policy, The New Macroeconomics of Stabilization Conference, HULM St. Louis, 6th Rome Conference on Macroeconomics, AEA Annual Meeting, Chicago, Econometric Society North American Winter Meeting, Chicago, ADEMU/EUI-ECO Workshop on Challenges for Economic Policy, Vienna Macro Workshop, EEA/ESEM, Geneva, the 9th Nordic Macro Symposium. He was invited to discuss papers at the 10th Nordic Macro Symposium, 2nd International Conference on Financial Markets and Macroeconomic Performance, Cowles Summer Conference.

ARASH NEKOEI was working on his main publication during this year titled (1) “Does Extending Unemployment Benefits Improve Job Quality?” (with Andrea Weber), *American Economic Review* 107:2, 2017. He was happy to see that the results were cited by Jason Furman, the Chairman of the Council of Economic Advisers, at the time. Also he got his focus on a new working paper (2) “Risk-based Selection in Unemployment Insurance: Evidence and Implications” (with Camille Landais, Peter Nilsson, David Seim and Johannes Spinnewijn). He presented his research at: NBER-Summer Institute, U.C. Berkeley,

Stanford, LSE, UCSD and Columbia University.

PETER NILSSON has been working on the following papers: (1) “Alcohol Availability, Prenatal Conditions, and Long-term Economic Outcomes”, forthcoming in *Journal of Political Economy*; continued revising the manuscripts: (2) “Early Lead Exposure and Outcomes in Adulthood” (with Hans Grönqvist and Per-Olof Robling); (3) “The Optimal Timing of Unemployment Benefits: Theory and Evidence from Sweden” (with Jonas Kolsrud, Camille Landais and Johannes Spinnewijn); (4) “Risk-based Selection in Unemployment Insurance: Evidence and Implications” (with Camille Landais, Arash Nekoei, David Seim and Johannes Spinnewijn); and (5) “Congestion Charges and Children’s Health” (with Janet Currie, Emilia Simeonova and Reed Walker); (6) “Economic Status, Air Quality, and Child Health: Evidence from Inversion Episodes”, IZA Discussion Paper 7928 (with Jenny Jans and Per Johansson); and finally peer effects in the workplace (7) “Businesses, Buddies, and Babies: Fertility and Social Interactions at Work” (with Lena Hensvik and Magne Krogstad Asphjell); (8) “Gender Differences in Other-regarding Preferences: Evidence from an Experiment Affecting 60,000 Workers’ Incentives to Shirk”, IZA Discussion Paper 8133. Peter has also presented his research at seminars in Gothenburg, Lund, Zürich, Uppsala and Bergen.

MATS PERSSON published (1) “2016 års Ekonomipris till Oliver Hart och Bengt Holmström” (The 2015 Economics Prize to Oliver Hart and Bengt Holmström), *Ekonomisk Debatt* 44:8, 2016 (with Torsten Persson, Tomas Sjöström and Per Strömberg); (2) “Bo Axell 1945-2006”, IFN, Stockholm (with Claes-Henric Siven); and (3) “Distributional Effects of Deregulating the Stockholm Rental Housing Market”, background report for the Swedish Fiscal Policy Council Annual Report 2017 (with Herman Donner and Peter Englund).

TORSTEN PERSSON has published several papers: (1) “The Primary Effect: Preference Votes and Political Promotions”, *American Political Science Review* 110, 2016 (with Olle Folke and Johanna Rickne); (2) “Resilient Leaders and Institutional Reform: Theory and Evidence”, forthcoming in *Economica* 83, 2016 (with Timothy Besley and Marta Reynal-Querol); (3) “2015 års ekonomipris till Oliver Hart och Bengt Holmström” (The 2015 Economics Prize to Oliver Hart and Bengt Holmström) in *Ekonomisk Debatt* 44:8, 2016 (with Mats Persson, Tomas Sjöström and Per Strömberg); (4) “Kompetens och klassbakgrund bland svenska politiker” (Competence and Class Background among Swedish Politicians) in *Ekonomisk Debatt* 45:3, 2017 (with Ernesto Dal Bó, Frederico Finan, Olle Folke and Johanna Rickne). He also revised (5) “Gender Quotas and the Crisis of the Mediocre Man: Theory and Evidence from Sweden” (with Timothy Besley, Olle Folke and Johanna Rickne); and (6) “Who Becomes a Politician?” (with Ernesto Dal Bó, Frederico Finan, Olle Folke and Johanna Rickne); and he also wrote the new paper (7) “Organizational Dynamics: Culture,

Design and Performance” (with Timothy Besley). During the academic year, Torsten gave a number of seminars and lectures in Sweden, Europe, the US, and China. In October/November 2016, he visited the London School of Economics, in his capacity as a Centennial Professor, where he gave a series of lectures to Ph.D. students. In March, Torsten gave the 2017 Gorman Lectures at UCL, and in June he gave a plenary lecture at the 2017 Asian Meeting of the Econometric Society.

ANNA SANDBERG finished the papers: (1) “Competing Identities: A Field Study of In-group Bias among Professional Evaluators”, forthcoming in *Economic Journal*; and (2) “Is there an Omission Effect in Prosocial Behavior?” (with Manja Gärtner), published in PLoS ONE 12(3), 2017. In addition, she ran two laboratory experiments: one at University of Zürich to collect data for the project (3) “Gender Gaps in Willingness to Lead: The Impact of Group Gender Composition” (with Andreas Born and Eva Ranehill), and another at the University of Valencia to collect data for the project (4) “How Do Advertising Images Affect Gender Gaps in Economic Behavior?” (with Evelina Bonnier, Anna Dreber and Karin Hederos). She also worked on the projects (5) “Gender Dynamics in Referral-based Hiring: A Field Experiment” (with Karin Hederos, Lukas Kvissberg and Erik Polano); (6) “The Impact of Workplace Gender Composition on Gender Gaps in Educational and Labor Market Outcomes” (with Clara Fernström and Eva Ranehill); and (7) “Gender Discrimination in the Evaluation of Team Work versus Individual Work: An Experimental Study”



“International Policy Talks” is a collaboration between Centre for Business and Policy Studies (SNS) and IIES. Here Lise Vesterlund discusses barriers in women’s careers, on June 15, 2017.

(with Ingvild Almås, Serena Coccio and Jonathan de Quidt). In the spring of 2017, she was the opponent at the final seminar of PhD student A.A.Reshid at Linnaeus University.

This academic year, KATHRIN SCHLAFMANN has been focusing on two papers: (1) “Housing, Mortgages, and Self Control”; and (2) “Overpersistence Bias in Individual Income Expectations and its Aggregate Implications” (with Filip Rozsypal, LSE). She has been invited to present these projects in seminars at University of Regensburg, University of Konstanz and Copenhagen Business School as well as at the ReCapNet Conference on Behavioral Real Estate in Mannheim. Moreover, Kathrin acted as a discussant at the CEPR European Workshop on Household Finance, at the Vienna Macro Workshop, at the Konstanz Seminar on Monetary Theory and Monetary Policy and at the Nordic Summer Symposium in Macroeconomics (NORMAC).

DAVID STRÖMBERG was working on (1) “Media Bias in China” (with Bei Qin and Yanhui Wu); (2) “The Effect of Education on Innovation” (with David Seim); and (3) “Weather and Infant Mortality in Africa” (with Masayuki Kudamatsu and Torsten Persson). He published (4) “Why Does China Allow Freer Social Media? Protests versus Surveillance and Propaganda” (with Bei Qin and Yanhui Wu) in *Journal of Economic Perspectives*.

JAKOB SVENSSON has completed the following projects: (1) “Lemon Technologies and Adoption: Measurement, Theory and Evidence from Agricultural Markets in Uganda” (with Tessa Bold, Kayuki C. Kaizzi and David Yanagizawa-Drott), published in *Quarterly Journal of Economics*; (2) “Enrollment without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa” (with Tessa Bold, Deon Filmer, Gayle Martin, Ezequiel Molina, Brian Stacy, Christophe Rockmore and Waly Wane), published in *Journal of Economic Perspectives*; (3) “Experimental Evidence on the Long-run Impact of Community Based Monitoring” (with Martina Björkman Nyqvist and Damien de Walque), published in *American Economic Journal: Applied*; (4) “Incentivizing Safer Sexual Behavior: Evidence from a Lottery Experiment on HIV Prevention” (with Martina Björkman Nyqvist, Lucia Corno and Damien de Walque), forthcoming in *American Economic Journal: Applied*. He has also finalized the projects (5) “The Lost Human Capital: Teacher Knowledge and Student Achievement in Africa” (with Tessa Bold, Deon Filmer and Ezequiel Molina); and (6) “Reducing Child Mortality in the Last Mile: A Randomized Social Entrepreneurship Intervention in Uganda” (with Martina Björkman Nyqvist, Andrea Guariso and David Yanagizawa-Drott). In addition, he has worked on the implementation and the design of two large scale field experiments in health (on incentivized community health workers) and agriculture (on relaxing input and output markets constraints).

LARS E.O. SVENSSON continued to work on several projects on the theory and practice of

monetary policy and financial-stability policy. He completed a first draft of the papers: (1) “How Robust Is the Result that the Cost of ‘Leaning against the Wind’ Exceeds the Benefit? Response to Adrian and Liang”; (2) “Leaning against the Wind: The Role of Different Assumptions about the Costs”; and (3) “Leaning against the Wind: Costs and Benefits, Effects on Debt, Leaning in DSGE Models, and a Framework for Comparison of Results” which are available on his website, www.larseosvensson.se. The following papers and comments were published or accepted for publication: (4) “Cost-Benefit Analysis of Leaning against the Wind”, *Journal of Monetary Economics* 90, 2017; (5) “Comment on ‘Rules versus Discretion: A Reconsideration’, by Narayana Kocherlakota”, *Brookings Papers on Economic Activity*, Fall 2016. In addition, Lars was a Duisenberg Fellow at the Directorate General Research, European Central Bank, Frankfurt, during September-November 2016.

ROBERT ÖSTLING has continued the work on his project about wealth effects. The second paper from this project titled (1) “The Effect of Wealth on Household Labor Supply: Evidence from Swedish Lotteries” (with David Cesarini, Erik Lindqvist and Matthew Notowidigdo) has now been accepted for publication in *American Economic Review*. He has also worked on two papers about wealth effects on financial risk-taking (with Joseph Briggs, David Cesarini and Erik Lindqvist), and conducted a survey of lottery players (with David Cesarini and Erik Lindqvist). During the academic year, Robert has presented his research at seminars or conferences in Gothenburg, Alicante, Vienna and Uppsala.

Articles Published or Accepted in Leading Journals by IIES Permanent Staff 2016/2017

TESSA BOLD and JAKOB SVENSSON, “Lemon Technologies and Adoption: Measurement, Theory and Evidence from Agricultural Markets in Uganda”, *Quarterly Journal of Economics* 132:1, 2017 (with Kayuki C. Kaizzi and David Yanagizawa-Drott).

PER KRUSELL, “Gross Worker Flows over the Business Cycle”, forthcoming in *American Economic Review*.

ASSAR LINDBECK and MATS PERSSON, “Social Norms in Social Insurance”, forthcoming in *Journal of Political Economy*.

KURT MITMAN, “Macroeconomic Effects of Bankruptcy and Foreclosure Policies”, *American Economic Review* 106:8, 2016.

ARASH NEKOEI, “Does Extending Unemployment Benefits Improve Job Quality?”, forthcoming in *American Economic Review* 107:2, 2017 (with Andrea Weber).

PETER NILSSON, “Alcohol Availability, Prenatal Conditions, and Long-term Economic Outcomes”, *Journal of Political Economy* 125:4, 2017.

TORSTEN PERSSON, “Gender Quotas and the Crisis of the Mediocre Man: Theory and Evidence from Sweden”, forthcoming in *American Economic Review* (with Timothy Besley, Olle Folke and Johanna Rickne).

TORSTEN PERSSON, “Who Becomes a Politician?”, forthcoming in *Quarterly Journal of Economics* 132: 4, 2017 (with Ernesto Dal Bo, Frederico Finan, Olle Folke and Johanna Rickne).

ROBERT ÖSTLING, “The Effect of Wealth on Individual and Household Labor Supply: Evidence from Swedish Lotteries”, forthcoming in *American Economic Review* (with David Cesarini, Erik Lindqvist and Matthew J. Notowidigdo).

Visiting Fellows 2016/2017

JOSEPH BRIGGS (New York University) visited the Institute several times during the academic year to work with Robert Östling on a project examining the effect of lottery wins on household financial decisions. They worked on two papers: (1) “Windfall Gains and Stock Market Participation” and (2) “Wealth, Portfolio Shares, and Risk Preferences”, and Joseph will likely be returning in the future to continue to study the relationship between wealth and investment. Besides working with Robert, Joseph enjoyed interacting with other IIES faculty and doctoral students and appreciated the opportunity to present and receive feedback on his work.

INGE VAN DEN BIJGAART (University of Gothenburg) has visited the IIES on two occasions during the academic year, for about a week and a half in total. During these visits she attended seminars, joined for lunches and interacted with faculty (mostly with Per Krusell and John Hassler, and with Tobias Broer to a lesser extent). Inge has no ongoing



Mounir Karadja defended his doctoral thesis On the Economics and Politics of Mobility in September 2016. Maria Petrova, IPEG, was the discussant.

projects with any of the faculty at IIES; during her visits she has mostly worked on one of her working papers titled (1) “Too Slow a Change? Deep Habits, Consumption Shifts and Transitory Tax Policy”.

LINNA MARTÉN (Stanford University) visited IIES in June 2017. She worked on a project titled (1) “Protecting Unauthorized Immigrant Mothers Improves their Children’s Mental Health” that is about unauthorized immigrants and child mental health, now published in *Science*, and also worked on developing new projects about the impact of asylum policies on refugees’ integration in Sweden. She enjoyed interacting with faculty and graduate students.

CHRIS ROTH (a PhD student from University of Oxford) was visiting IIES for one week in October 2016. During that week he worked with his co-authors Jonathan de Quidt and Johannes Haushofer (who was visiting the institute at that moment), on a methodological paper (1) “Measuring and Bounding Experimenter Demand Effects”. This paper proposes a new method to quantify and bound the importance of experimenter demand effects by employing deliberately induced demand treatments. Chris also presented his paper on whether people’s attitudes towards immigrants and immigration policy preferences can be changed through the provision of relevant information about immigrant characteristics at an IIES brownbag seminar.

JULIA TANNDAL (Brown University) visited IIES in June-August 2017. She worked with Arash Nekoei and David Seim (Stockholm University). They have been investigating the value of geographical mobility in Sweden, with a focus on different aspects of mobility after unemployment. They have also looked at the effect of the long-standing policy of subsidizing direct costs associated with moves, long-distance commutes or job interviews. Despite being very generous (before 2005, the subsidy package included a cash transfer of SEK 10 000 for an unemployed individual who found a job in another location) the program has remained small, and seems to have had little impact on the propensity of long-term unemployed to move. Mobility after layoff or unemployment is largely driven by demographic factors, such as family composition and location, and the age of children.

Tenure-track Assistant Professor Position

The Institute for International Economic Studies, Stockholm University, seeks to fill a position at the tenure-track, assistant-professor level, in any field, beginning in the academic year 2018/2019.

Applicants should have a PhD in economics (or be near completion of the doctorate). A commitment to excellence in research is a prerequisite. The position offers a low teaching load (primarily at the PhD level) and a competitive salary. Applicants should submit a CV, at least three letters of recommendation, and samples of research, such as thesis chapters or publications.

To ensure full consideration, applications must be submitted at <http://econjobmarket.org> by November 24, 2017. Candidates on a shortlist will be interviewed at the ASSA Annual Meetings in Philadelphia, January 2018. Other arrangements may be possible for short-listed candidates not based in the US who do not plan to attend these meetings.

For questions, please contact: Prof. Per Krusell, e-mail: per.krusell@ies.su.se or Prof. Torsten Persson, e-mail: torsten.persson@ies.su.se.

Teaching 2016/2017

INGVILD ALMÅS taught several courses at the PhD level: “Development Economics I” and “Development Economics II” (with Andreas Madestam, Tessa Bold, Anna Tompsett, Jakob Svensson and Konrad Burchardi) in the fall of 2016, and “Behavioral Economics” (with Jonathan de Quidt, Anna Sandberg and Robert Östling) and “Experimental Methods” (with Konrad Burchardi, Jonathan de Quidt and Anna Dreber) in the spring of 2017.

TESSA BOLD taught three courses at the PhD level: “Development Economics I” and “Development Economics II” (with Ingvild Almås, Andreas Madestam, Anna Tompsett, Jakob Svensson and Konrad Burchardi) in the fall of 2016. She also supervised Jeong-Heon Kang for his master’s thesis.

TIMO BOPPART taught “Macroeconomics I” (with Lars Ljungqvist) and “Macroeconomics in the Long-run” (with Per Krusell) at the PhD level, both in the spring term.

TOBIAS BROER taught two courses at the PhD level: “Behavioral Macroeconomics” (with Kathrin Schlafmann) and “Applied Macroeconomic Research” (with Per Krusell, Kurt Mitman and Kathrin Schlafmann), both in the fall of 2016. He also supervised Erik Öberg for his doctoral thesis *On Money and Consumption*.

KONRAD BURCHARDI taught the undergraduate course “Intermediate Development Economics” in the fall of 2016, and three courses at the PhD level: “Development Economics I” and “Development Economics II” (with Ingvild Almås, Andreas Madestam, Tessa Bold, Anna Tompsett and Jakob Svensson) in the fall of 2016, and “Experimental Methods” (with Ingvild Almås, Jonathan de Quidt and Anna Dreber) in the spring of 2017.

LARS CALMFORS taught the master’s course “Labour Economics and Wage-setting Theory” in the spring of 2017.

JONATHAN DE QUIDT taught two courses at the PhD level: “Behavioral Economics” (with Ingvild Almås, Anna Sandberg and Robert Östling) and “Experimental Methods” (with Ingvild Almås, Konrad Burchardi and Anna Dreber), both in the spring term.

JOHN HASSLER taught “Macroeconomics II” (with Karl Walentin) at the PhD level and “The Climate and the Economy” (with Per Krusell) at the master’s level, both in the spring of 2017; and also an undergraduate course “Introduction to Macroeconomics I” in the fall of 2016.

SEBASTIAN KOEHNE taught several courses at the PhD level: “Mathematics III” (with Alexandre Kohlhas) in the fall of 2016, and “Labor-market Macroeconomics” (with Per Krusell, Kurt Mitman and Johanna Wallenius) and “Macroeconomic Analysis with Imperfect Information” (with Alexandre Kohlhas) in the spring term.

ALEXANDRE KOHLHAS taught two courses at the PhD level: “Mathematics III” (with Sebastian Koehne) in the fall of 2016 and “Macroeconomic Analysis with Imperfect Information” (with Sebastian Koehne) in the spring of 2017.

PER KRUSELL taught various graduate courses at Stockholm University and elsewhere: “The Macroeconomy in the Long Run” (with Timo Boppart) and “Labor-market Macroeconomics (with Sebastian Koehne, Kurt Mitman and Johanna Wallenius) in the spring of 2017, and “Applied Macroeconomic Research” (with Tobias Broer, Kurt Mitman and Kathrin Schlafmann) in the fall term at Stockholm University. He also taught “Macro I” (first year) at University of Gothenburg, “Macro I” (first year) at London School of Economics, and a short course in climate and economics at University of Pennsylvania. Per also taught a master’s course “The Climate and the Economy” (with John Hassler) in the spring term at Stockholm University.

KURT MITMAN taught two PhD level courses: “Quantitative Macroeconomic Methods” (with Kathrin Schlafmann) in the fall of 2016 and “Labor-market Macroeconomics” (with Sebastian Koehne, Per Krusell and Johanna Wallenius) in the spring term.

PETER NILSSON taught the master’s course “Policy Analysis in Labor Economics” (with Peter Fredriksson) in the fall of 2016. He also supervised two master’s students.

TORSTEN PERSSON taught two second year graduate courses “Political Economics II” (with David Strömberg) and “Political Economics III” (with Andreas Madestam, Per Petersson-Lidbom and David Strömberg) at Stockholm University. At the London School of Economics, he gave a PhD level course in “Political Economics” (with Gilat Levy). He was the advisor or co-advisor of five PhD students.

ANNA SANDBERG taught the PhD level course “Behavioral Economics” (with Ingvild Almås, Jonathan de Quidt and Robert Östling) in the spring of 2017.

KATHRIN SCHLAFMANN taught two second year PhD courses “Quantitative Macroeconomic Methods” (with Kurt Mitman) and “Behavioral Macroeconomics” (with Tobias Broer), both in the fall of 2016. She also supervised a master student thesis in the spring term.

DAVID STRÖMBERG taught “Management and Analysis of Big Data” (with Lena Hensvik and Peter Mozelius), “Political Economics II” (with Torsten Persson) and “Political Economics III” (together with Andreas Madestam, Torsten Persson and Per Pettersson-Lidbom), all in the spring of 2017.

JAKOB SVENSSON taught several courses in the fall of 2016: the master’s course in “Development Economics”, and “Development Economics I” and “Development Economics II” (with Ingvild Almås, Tessa Bold, Konrad Burchardi, Andreas Madestam and Anna Tompsett).

ROBERT ÖSTLING taught the undergraduate course in applied game theory called “Economic Strategic Thinking”, and the PhD level course “Behavioral Economics” (with Ingvild Almås, Jonathan de Quidt and Anna Sandberg) in the spring term.

Extramural Activities

KONRAD BURCHARDI served as Associate Aditor at *Journal of Development Economics*.

LARS CALMFORS served as the Chair of the Swedish Labour Policy Council (Arbetsmarknadsekononiska rådet). He served as a member of the Advisory Council (insynsrådet) at *Sieps* (Swedish Institute of European Policy Studies), as an expert in the Government Commission on the Fiscal Surplus Target, and as a Scientific Advisor to Fores (Forum for Reforms, Entrepreneurship and Sustainability). He was a regular columnist in *Dagens Nyheter* (the leading Swedish morning daily). He gave lectures and speeches on various topics at Nationalekonomiska Föreningen (the Swedish Economic Association), Senioruniversitetet (the Swedish University for Seniors), SNS (the Center for Business and Policy Analysis), FOI (the Swedish Defence Research Agency), Konjunkturinstitutet (the National Institute for Economic Research), Entreprenörskapsforum (Swedish Entrepreneurship Forum), Sveriges riksdag (the Swedish Parliament), Finansdepartementet (the Swedish Ministry of Finance), Medlingsinstitutet (the National Mediation Office), Centerpartiet (the Center Party), Moderaterna (the Moderate Party), Liberalerna (the Liberal Party), *Sieps* (the Swedish Institute for Economic Policy Studies), the Herbert Felix Institute, LO (the Trade Union Congress), Jusek (the Union for University Graduates in Law, Business Administration and Economics), Lärarförsäkringar (the Insurance Company for Teachers), Svenskt Näringsliv (the Confederation of Swedish Enterprise), Almega (the Employers' Organisation for the Swedish Service Sector), Svenska Dagbladet Financial Forum, and Nordea Markets.

HARRY FLAM served as the chairman of the Swedish Fiscal Policy Council.

JOHN HASSLER remains an adjunct member of the prize committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel and is associate editor of *Macroeconomic Dynamics* and *Scandinavian Journal of Economics*. He became member of the scientific committee at the Swedish National Audit Office (Riksrevisionen) and at the think tank Fores. He is also a member of the Shadow Riksbank Committee at *Dagens Industri*. He wrote several Op-eds at DN-Debatt.

SEBASTIAN KOEHNE assisted as an advisor at the Swedish National Audit Office (Riksrevisionen). He summarized the main academic lessons for the design of taxes in the policy report “Optimal Taxation in Practice: Lessons for the Swedish Tax System”.

PER KRUSELL served on several Scientific Advisory Boards, on the senior grant evaluation

panel of the European Research Council, and on the prize committee of the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel. Per also served as a scientific consultant to Sveriges riksbank. In addition, Per gave a number of lectures and seminars and conference presentations in Europe and the United States and also participated in the public debate by appearing in various media outlets, including TV, radio, and newspapers.

He also served on the advisor team for Hannes Malmberg, Erik Öberg, Karl Harmenberg, Saman Darougheh, Magnus Åhl, Richard Foltyn, Jósef Sigurdsson, Jonna Olsson, Matilda Kilström, Karin Kinnerud, and Kasper Kragh-Sørensen at the IIES and Elin Molin and Laurence Malafry at the Department of Economics (Stockholm University).

TORSTEN PERSSON served as the Secretary of the Prize Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, and as the Director of the Institutions, Organizations and Growth program of CIFAR (the Canadian Institute For



A farewell coffee break for Åsa Storm, who took up an administrative position at the Department of Physics, Stockholm University, starting August 2016.

Advanced Research). Persson was also a member of the Nobel Foundation's Program Committee. He chaired the Advisory Board of the Toulouse School of Economics, and was a member of the Tenure Committee at Bocconi University and the Board of ENTER (a collaboration between some of the best PhD training programs in Europe). In June 2017, he carried out an external review of CEMFI together with Lars-Peter Hansen and John Vickers.

JAKOB SVENSSON served as a member of the Committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, member of the Expert Group for Evaluation and Analysis of Swedish International Aid at Lead Academic – Uganda, International Growth Center (IGC). Jakob was a visiting professor at the Norwegian School of Economics (NHH) in Bergen. He also served as a chairman of the Association of Swedish Development Economists (ASWEDE).

LARS E.O. SVENSSON gave several speeches, guest lectures, and presentations at conferences, research institutions, and policy authorities; see the sections “New” and “Practical Monetary Policy” on his website, www.larseosvensson.se. He also published blog posts on his website and contributed to the Voxeu.org website.

ROBERT ÖSTLING has continued to serve on the Swedish Consumer Agency's Scientific Advisory Board. He has also continued to write blog posts about economics and economic policy for the Swedish blog Ekonomistas, and written blog posts for the Swedish Research Council's web magazine *Curie*. He is also responsible for the policy seminar in collaboration with SNS, the *SNS/IIES International Policy Talks*.

Completed Theses 2016/2017

In September 2016, NIELS-JAKOB HARBO HANSEN successfully defended his doctoral thesis *Jobs, Unemployment, and Macroeconomic Transmission*, consisting of four essays. The first essay, titled “Measuring Job Openings: Evidence from Swedish Plant Level Data”, investigates the relationship between hires and vacancies on the plant level in Sweden. He finds the relationship to be weak but increasing in plant size. He uses this observation to propose a new simple measure of aggregate job openings in the economy. The second essay, “Firm Level Evidence from Two Vacancy Measures”, investigates the firm level relationship between job vacancies as measured in surveys and as reported to the Public Employment Services. They do this using firm level data from Denmark and Sweden. The third essay, titled “Swedish Unemployment Dynamics”, proposes a new method for decomposing business cycle fluctuations in unemployment into fluctuations from underlying flows. They apply the method to a new Swedish data set. And the fourth part, titled “The New Keynesian Transmission Mechanism: A Heterogeneous Agent Perspec-



Erik Öberg defended his doctoral thesis On Money and Consumption in June 2017. Marco Bassetto, Federal Reserve Bank of Chicago, was the discussant.

tive”, investigates how household heterogeneity affects the transmission mechanism of monetary policy in the textbook version of the New Keynesian model. In a simple heterogeneous agent framework, they show that the source of the nominal rigidity matters greatly for the response to shocks. Moreover, they highlight an under-appreciated role of profits in the transmission of shocks in the textbook model.

MOUNIR KARADJA successfully defended his thesis *On the Economics and Politics of Mobility* in September 2016. The thesis consists of four essays. The first is “Exit, Voice and Political Change: Evidence from Swedish Mass Migration to the United States” (co-authored with Erik Prawitz). During the Age of Mass Migration, 30 million Europeans immigrated to the United States. The authors study the long-term political effects of this large-scale migration episode on origin communities using detailed historical data from Sweden. The estimates show that emigration substantially increased the membership in local labor organizations, the strongest political opposition groups at the time. Emigration also had



Hannes Malmberg defended his doctoral thesis Human Capital in Development Accounting and Other Essays in Economics, June 2017, further to which he will spend one year as a Post Doc at Stanford University and then join University of Minnesota as an Assistant Professor.

effects on formal political change, as measured by welfare expenditures and the adoption of inclusive political institutions. Together, the findings indicate that large-scale emigration can achieve long-lasting effects on the political equilibrium in origin communities. The second essay, “Mass Migration and Technological Innovation at the Origin” (co-authored with Erik Prawitz) studies the effects of migration on technological innovations in origin communities. In the same setting as the first essay, the authors find that migration caused a long-run increase in patent innovations in origin municipalities. They suggest that low skilled labor scarcity may be an explanation for these results. The third essay, “Richer (and Holier) Than Thou? The Impact of Relative Income Improvements on Demand for Redistribution” (co-authored with Johanna Möllerström and David Seim) investigates how individuals’ relative income affects their demand for redistribution. The authors first document that a majority misperceive their position in the income distribution and believe that they are poorer, relative to others, than they actually are. They then inform a subsample about their true relative income, and find that individuals who are richer than they initially thought demand less redistribution. This result is driven by individuals with a prior right-of-center political preferences who view taxes as distortive and believe that effort, rather than luck, drives individual economic success. The fourth essay is “Wealth, Home Ownership and Mobility”. Rent controls on housing have long been thought to reduce labor mobility and allocative efficiency. The author studies a policy that allowed renters to purchase their rent-controlled apartments at below market prices, and examines the effects of home ownership and wealth on mobility. Treated individuals have a substantially higher likelihood of moving to a new home in a given year. The size of the wealth shock predicts lower mobility, while the positive average effect on mobility can be explained by tenants switching from the previous rent-controlled system to market-priced condominiums. By contrast, we do not find that the increase in residential mobility leads to a greater probability of moving to a new place of work.

SHUHEI KITAMURA successfully defended his doctoral thesis *Land, Power and Technology: Essays on Political Economy and Historical Development* in September 2016, consisting of three articles. The first, “Land Ownership and Development: Evidence from Postwar Japan”, analyzes the effect of land ownership on technology adoption and structural transformation using the Japanese land reform as a natural experiment. He finds that the ownership increased the adoption of new labor-saving agricultural technologies which became available after the reform and that this reduced the dependence on family labor. He also analyzes the aggregate impact of labor reallocation caused by the land reform and finds a large and positive impact on GDP and agricultural productivity. The second article, titled “Loyalty and Treason: Theory and Evidence from Japan’s Land Reform”, investigates how the change in the social and economic structure of small communities due to the

land reform affects electoral outcomes in the presence of clientelism. Shuhei finds that there was a considerable decrease in the vote share of conservative parties in the areas that were highly affected. He finds the supporting evidence that the effect was driven by the fact that the tenant farmers who had obtained land exited from the long-term tenancy contract and became independent landowners. Finally, the third part, “Geography and State Fragmentation” examines how geography affects the location of borders between sovereign states in Europe and surrounding areas from 1500 until today at the grid-cell level. The raw correlations show that borders tend to be located on mountains, by rivers, closer to coasts, and in areas suitable for rainfed, but not irrigated, agriculture. Moreover, authors find that borders are less likely to survive over time when they separate large states from small, but this size-difference effect is mitigated by, e.g., rugged terrain.

In June 2017, HANNES MALMBERG successfully defended his doctoral thesis *Human Capital in Development Accounting and Other Essays in Economics*. The thesis consists of four independent chapters. “Human Capital and Development Accounting” is the main chapter of the thesis. It studies the role of skilled labor in explaining income differences between rich and poor countries. The background is the well-known finding that a quantitative assessment of the efficiency of skilled labor requires information on both wages and quality-adjusted relative prices of skilled labor services. While wages are directly observable, the quality-adjusted relative service prices are not. The chapter shows that it is possible to use information in international trade data to obtain information about these efficiency adjusted prices. During this analysis, one finds that skilled services in rich countries are relatively cheap. Combining this finding with wage data suggests that skilled labor is more efficient in rich countries than in poor countries, and that these efficiency differences are relatively important in understanding income differences between rich and poor countries. In addition to the main chapter, there are three other chapters. “Price Level Determination When Tax Payments Are Required in Money” formalizes the idea that the price level can be determined by a requirement that taxes be paid in money. “Swedish Unemployment Dynamics” develops and implements a new method to estimate the sources of unemployment fluctuations in Sweden. “Supply Chain Risk and the Pattern of Trade” analyzes the role of supply chain risk in determining comparative advantage and patterns of trade between countries.

In September 2016, MIRI STRYJAN successfully defended her thesis *Essays on Development Policy and the Political Economy of Conflict*, consisting of four essays. The first chapter, “Electoral Rules and Leader Selection: Experimental Evidence from Ugandan Community Groups”, studies leadership selection in community based savings groups in Uganda by comparing two types of participatory decision making: (i) vote by secret ballot and (ii) open discussion with consensus. Random assignment allows for an estimation of the causal impact

of the rules on leader types and social service delivery. The secret ballot vote is found to create more inclusive groups, while the open discussion procedure appears to favor the already economically successful.

In the second chapter, “Preparing for Genocide: Community Meetings in Rwanda”, Miri and co-authors show quantitative evidence that political elites in Rwanda used mandatory community meetings to prepare the civilian Hutu population for participation in the 1994 Rwandan genocide. To establish causality between participation in these meetings and later participation in violence during the genocide, they exploit cross-sectional variation in meeting intensity induced by exogenous weather fluctuation, along with the fact that the mandatory meetings were held on Saturdays. An additional rainy Saturday in the pre-genocide period in a certain locality resulted in a significantl lower civilian participation rate in genocide violence in the same locality, while no such effects are found for other weekdays.

Chapters three and four study potential ways in which microfinance can lead to better outcomes in terms of business growth for micro, small and medium sized fi ms. In chapter three, titled “Selection into Borrowing: Survey Evidence from Uganda”, Miri studies how changes to the standard credit contract affect loan demand and selection into borrowing,



At Niels-Jakob Harbo Hansen's defense dinner, September 2016. From the left: Jakob Svensson, Per Krusell, Niels-Jakob Harbo Hansen, Erik Öberg, Hannes Malmberg.

using a representative sample of urban micro enterprises, most with no borrowing experience. The results indicate that contracts with lower interest rates and less stringent collateral requirements attract less risky borrowers, suggesting that there is scope for improvement of standard financial contract terms. Chapter four, “Credit Contract Structure and Firm Growth: Evidence from a Randomized Control Trial”, reports results from a randomized control trial designed to distinguish between some of the key constraints to efficient credit use connected to the firms’ business environment and production function, namely (i) backloaded returns, (ii) uncertain returns and (iii) indivisible fixed costs. Each firm in the experiment was followed for their 1-year loan cycle. The chapter describes the experiment, presents preliminary results from the first 754 out of 2 340 firms to have completed the loan cycle and discusses potential mechanisms behind the observed effects.

In June 2017, ERIK ÖBERG successfully defended his thesis *On Money and Consumption* consisting of four self-contained chapters concerning macroeconomic aspects of money and consumption. In the first chapter “Price Level Determination When Tax Payments Are Required in Money” (co-authored with Hannes Malmberg), they formalize the idea that the price level can be determined by a requirement that taxes be paid in money. They show that if households have to pay a money tax of a fixed real value and the money supply is constant, there is a unique stationary price level, and a continuum of non-stationary deflationary equilibria. The non-stationary equilibria can be excluded if they introduce an arbitrarily lax borrowing constraint. Thus, in the basic model, tax requirements can uniquely determine the price level. When money has liquidity value, they show that tax requirements can exclude self-fulfilling hyperinflation.

In the second chapter “The New Keynesian Transmission Mechanism: A Heterogeneous-Agent Perspective” (co-authored with Tobias Broer, Niels-Jakob Harbo Hansen and Per Krusell), the authors argue that a two-agent version of the standard New Keynesian model – where a “worker” receives only labor income and a “capitalist” only profit income – offers insights about how income inequality affects the monetary transmission mechanism. Under rigid prices, monetary policy has no effect on output as workers choose not to change their hours worked in response to wage movements. In the corresponding representative-agent model, in contrast, hours do rise after a monetary policy loosening due to a wealth effect on labor supply: profits fall, thus reducing the representative worker’s income. If wages are also rigid, however, the monetary transmission mechanism is active and resembles that in the corresponding representative-agent model.

In the third chapter “Consumption Dynamics under Time-varying Unemployment Risk” (co-authored with Karl Harmenberg), they argue that adjustment frictions for durable goods generate a powerful amplification channel from fluctuations in unemployment risk to aggregate consumption demand. First, they use survey data to document that durable expenditures react strongly to an increased unemployment risk, while the effect

on nondurable expenditures is indistinguishable from zero. Second, the authors propose and calibrate a buffer-stock savings model that includes adjustment frictions for durable goods. Although not targeted in the calibration, they find that the model reproduces the semi-elasticities of expenditures to unemployment risk estimated in the data. Using the model, they find that the inclusion of adjustment frictions raises the aggregate demand response of durable goods to fluctuations in perceived unemployment risk by approximately 200 percent. Moreover, upon experiencing an adverse risk shock, the responsiveness of aggregate demand for durable goods to the interest rate and transitory income shocks is dampened.

In the final chapter “Consumption Dynamics under Time-varying Unemployment Risk: Evidence from Time Series Data” (co-authored with Karl Harmonberg), they investigate the relationship between consumption expenditures and unemployment risk using aggregate time series data for the US and ten EU countries. As a proxy for perceived unemployment risk, they use data on households’ subjective expectations over the future unemployment rate. First, they employ a single-equation framework to test whether subjective unemployment expectations predict aggregate consumption growth when controlling for predicted aggregate income growth. Second, the authors exploit the timing of the survey interviews in relation to the publication of official statistics to isolate exogenous innovations to unemployment expectations in a small-scale vector autoregression. For the US, both methods suggest that there is a large effect of unemployment risk on aggregate consumption. For the ten EU countries, the evidence is mixed.

Theses in Progress 2016/2017

ANNA AEVARSDOTTIR's research interests cover a broad range of topics in the fields of development economics and political economics. Within these fields she is particularly interested in issues relating to energy, health, education and gender. Over the past couple of years she has been working on a field study that explores the impact and adoption of solar power in sub-Saharan Africa. The results from this study will be published as a working paper towards the end of 2017 titled "Improving Learning through Technology Aided Instruction: Experimental Evidence from Tanzania". In addition, Anna is currently working on another randomized controlled trial that studies how technology can be used to improve learning outcomes in primary schools in sub-Saharan Africa where the student teacher ratio is very high and the variance in learning within a class room is quite large.

MICHELA CARLANA (Bocconi University) visited the IIES between September 2016 and



IIES playing Kubb (Stickey Sticks) at the annual Crayfish party, September 2016.

August 2017 as a Marie-Curie PODER fellow. During her visit to the IIES, she worked on a job market paper titled “Stereotypes and Self-stereotypes: Evidence from Teachers’ Gender Bias”. Michela studies the impact of exposure to gender-biased teachers on student achievement and self-confidence. The gender gap in math performance substantially increases when students are quasi-randomly assigned to teachers with stonger stereotypes (as measured by an implicit association test). The effect is driven by a lower performance of female students, while there is no impact on males. The teacher bias induces females to undertake less demanding high-schools, following the track recommendation from their teachers. Finally, Michela uncovers the crucial role of teachers in affecting self-stereotypes of girls in math. Furthermore, she has also started a new project with Marco Tabellini (MIT). They study the impact on marriage, fertility, and household formation of a large, positive shock to employment opportunities of native men across US cities between 1910 and 1930. Moreover, Michela started a collaboration with Julia Boguslaw and Anders Stenberg (SOFI) and together they applied for funds for a field experiment on the importance of motivational counselling for educational outcomes of disadvantaged children.

SERENA COCCIOLO’s work lies primarily in the fields of development economics, political economy and behavioral economics. Serena studies political and social institutions, their persistence and how they interact with development policies, especially in the context of participatory governance. She is involved in a Community-driven Development program implemented in rural Bangladesh, which studies: (i) the determinants of participation levels and compositions and their effect on project outcomes; (ii) how community decision-making, collective action capacities and the welfare impacts of development programs are affected by the local context (community size) and project implementation rules (contribution requirements); (iii) the long term sustainability of community-based interventions. In her project (1) “Community-driven Development and Value of Participation: Experimental Evidence from Bangladesh”, she evaluates the impact of the CDD intervention on preferences for participatory decision-making, finding that the exposure to participatory governance has an impact on the value that citizens attach to inclusive decision-making practices, above and beyond instrumental considerations. These projects rely on a field experiment run in Bangladesh in connection with a water sanitation program as well as on a lab-in-the-field experiment carried out in the same target communities. Serena is also working on a research project, based on an experiment run in the United States, on team work and gender discrimination.

SAMAN DAROUGHEH is a doctoral student focussing on issues of macroeconomics, labor, and search theory. During the academic year, he worked on three projects. Together with Gustaf Lundgren (SSE), he developed a search theoretical framework that can support multiple applications per vacancy – a necessity to analyze discrimination and hiring

choices in a general equilibrium framework. Unlike in the standard framework, the resulting matching function has an elasticity w.r.t. market tightness that is not constant. To be precise, it decreases in market tightness – a theoretical result that has been confirmed using Swedish labor market data. Follow-up research analyzes the impact of screening onto business-cycle volatility of employment in the environment previously built. The corresponding papers are titled (1) “Ranking, Unemployment Duration, and Unemployment Volatility” and (2) “A Working Model for Multiple Applications”.

Together with Andreas Kostøl (Norges Bank), he worked on (3) “Measuring Vacancies: New Firm Level Evidence” – demonstrating that Norwegian vacancy surveys do not help predict hires at the establishment level; the weakest test one could imagine. On the other hand, vacancy data from Norway’s largest recruitment site (FINN) are meaningfully correlated with establishment level hirings, both in size and timing. The results confirm previous hypotheses that surveys on this matter are very noisy. The suggested solution lies in using job board data, where truthful reporting is incentive compatible.

He also worked on (4) “Cross-industry Job Opportunities and Employment Fluctua-



Miri Stryjan successfully defended her thesis Essays on Development Policy and the Political Economy of Conflict in September 2016. Robini Somanathan, DSE, was the discussant.

tions”. Preliminary results from the recent recession in the United States show that unemployed from occupations that are broadly employable at many different industries had a job-finding rate that was up to one third higher than the average. Ongoing work puts this into a larger context and analyzes the role for policies such as retraining to ameliorate recessions.

SIRUS DEHDARI’s research in political economy primarily focuses on the determinants of the support for far-right parties. In his job market paper, (1) “Economic Distress and Support for Far-right Parties – Evidence from Sweden”, he shows how much of the increase in the vote share for far-right parties in Sweden that can be explained by economic distress among unskilled native-born workers. In addition, the effect of economic distress is larger in areas with a higher influx of unskilled immigrants. In a related project, (2) “The Origins of Common Identity: Division, Homogenization Policies and Identity Formation in Alsace-Lorraine” (with Kai Gehring), he shows that repressive homogenization policies can have an adverse effect on the formation of a common identity. His third chapter, (3) “Gender Differences in Revenge and Strategic Play: A Natural Experiment” (with Emma Heikensten and Siri Isaksson), examines gender differences in retaliation by studying a Swedish game show. He shows that men are more likely to retaliate and that women more often retaliate against men. Sirus gave seminars and conference talks at the EEA–ESEM 2016 meeting in Geneva, The History Tea at Harvard University, at The Politics and History Network meeting 2017 at New York University, and at the 6th Annual Lithuanian Conference on Economic Research.

DIVYA DEV (University College London) visited the IIES between October 2016 and August 2017 as a Marie-Curie PODER fellow. She spent most of her time working on a project with the preliminary title (1) “The Impact of Gender Quotas: Has India’s Political Reservation System Improved the Representation of Women in Local Government?” that analyzes village mayoral elections in India to see if gender based affirmative action policies can affect electoral outcomes even after being withdrawn, thereby leading to sustained increases in the political representation of women in local government. Towards the end of the year, she also began working on a second project titled (2) “How Does Where You Live Affect How You Vote? Evidence from Chileans Abroad” that is focused on learning more about expatriate voter behavior using data from the Chilean presidential elections.

RICHARD FOLTYN continued his work in the field of heterogeneous-agent macroeconomics. In particular, in a project titled (1) “On the Redistributive Effects of Government Bailouts in the Mortgage Market” (with Kurt Mitman and Dirk Krueger), he investigated positive and normative implications of bailout guarantees for mortgage lenders. The im-

PLICIT guarantee for debt issued by Fannie Mae and Freddie Mac in the US prior to 2008 led to lower borrowing costs for financial intermediaries in the mortgage market, which were passed on to households taking out mortgages. This, in turn, might have affected the distribution of real estate ownership and leverage among US households. On the other hand, the bailouts in 2008 required injections of \$187bn of taxpayer money into these companies. The project attempts to quantify this trade-off of lower borrowing rates and higher taxes to fund bailouts in a model featuring heterogeneous households and aggregate uncertainty in the form of (severe) recessions, identifying beneficiaries and losers of such a policy as well as overall welfare effects.

SELENE GHISOLFI'S main interests are development economics, behavioral economics, network effects and political economics. She is currently working on a technology adoption project with maize farmers in Uganda, which assesses the importance of being connected to well-functioning inputs and outputs markets on maize yields. She is also working on a Community Driven Development Program which provides communities in Bangladesh with safe drinking water: the program asks the recipient communities to decide during a public meeting where they want to build a new arsenic-free and bacteria-free tubewell, and how much each person is willing to contribute to its construction (with Anna Tompsett, Serena Cocciolo, Ahasan Habib and Björn Hinnerich). In the context of this project, Selene also runs a lab-in-the-field experiment to estimate social attitudes toward equality and equity in the community and to analyze the impact of participating in a community-driven development program on them. She used spectator games to elicit individual preferences for redistribution and remuneration of contributions, and bargaining games to assess how the final outcome aggregates these preferences. This will be the main content of her thesis. Selene visited MIT from September to December 2016. On December 31, 2016, her beautiful baby girl was born and she finished her academic year on parental leave.

KARL HARMENBERG works on a set of issues related to income risk, consumption and heterogeneity. In a working paper titled (1) "Consumption Dynamics under Time-varying Unemployment Risk" (with Erik Öberg), he studies how consumption demand is affected by fluctuations in unemployment risk. Using Italian household level survey data, they find that durable goods expenditure responds strongly to fluctuations in unemployment risk while nondurable goods expenditure does not. Using a model that matches the empirical results well, they find that the responsiveness of aggregate demand to both monetary and fiscal policy is lower in recessions due to the heightened unemployment risk and the precautionary behavior of households. In an ongoing project, preliminarily titled (2) "Heterogeneity in Income Risk and Consumption", he studies, using Danish registry data, the extent to which different educational groups face different income risks

and the implications of such heterogeneity. Finally, in an ongoing project, preliminarily titled (3) “Gender Differences in Danish Top Income Mobility” (with Niels-Jakob Harbo Hansen, Hans Henrik Sievertsen and Erik Öberg) he studies the gender gap at the top of the income distribution.

MATHIAS IWANOWSKY has been working on his job market paper (1) “Property Rights, Resources, and Wealth: Evidence from a Large Land Reform in the United States” and presented it at various institutions in North America. Here, he addresses a question that affects a majority of the rural poor. Over-exploitation of resources and lack of collateralizable assets can create a vicious cycle, trapping farmers in poverty. This paper compares two well-known solutions, selling private rights (Coase, 1960) or access rights (Samuelson, 1954). He exploits a spatial discontinuity generated by the 1934 Taylor Grazing Act, an extensive land reform in the United States. The reform produced 20 000 miles of grazing boundaries in nine federal States, the locations of which are locally plausibly exogenous. He combines these with additional information on the timing of sales to study both property rights systems. Using high-resolution satellite data, he identifies access rights on rangeland inside grazing districts and private rights on rangeland privatized after 1916. First, he uses rich pre-reform land productivity and population data to verify that land quality and population statistics are balanced at the boundary, supporting the identification approach. He then documents a 10% increase in vegetation generated by both types of property rights, relative to open-access land. Combined, the property rights reform increased household income by 13% (\$5,000) and also led to increases in educational attainment. To understand the mechanisms, he exploits data on pre-reform police presence and financial access, which suggest that enforcement is crucial for the observed long-lasting wealth impacts.

MATILDA KILSTRÖM’s research focuses on macroeconomics and, in particular, on (i) topics in household finance and (ii) risk and labor market investments. During the academic year she worked on her dissertation and also spent the fall of 2016 as a PhD intern at Sveriges riksbank. She has mainly worked on four projects. (1) “Household Debt and Monetary Policy: Revealing the Cash-Flow Channel”, CEPR Discussion Paper 12270/Riksbank, Working Paper No. 342 (with Martin Flodén, Jósef Sigurdsson and Roine Vestman). This paper studies the effect of monetary policy when households hold debt with variable interest rates; (2) “Risk Sharing and Entrepreneurship – What Drives the Most Innovative Countries?” (with Paula Roth) that develops a simple model to study if risk sharing can facilitate innovation by limiting the downside risk of entrepreneurs, and thus affect selection into entrepreneurship; and (3) “Should I Stay or Must I Go? Temporary Protection and Refugee Outcomes” (with Birthe Larsen and Elisabet Olme). This paper studies the effects of stricter immigration policies on refugee’s outcomes. In

2002, Denmark prolonged the waiting period until asylum holders can apply for permanent residency from three to seven years. In addition to an empirical investigation of this reform, they formulate a simple model to capture two potentially opposing effects. Finally, in a fourth project, she develops an overlapping generations model to study the importance of intergenerational links for housing market outcomes.

KASPER KRAGH-SØRENSEN does research in the field of macroeconomics. He spent most of the year working on a paper titled (1) “Removing the Mortgage Interest Deductibility: Policies and Welfare Effects” (with Markus Karlman and Karin Kinnerud). The mortgage interest deductibility (MID) currently reduces the cost of housing for millions of Americans. Yet it has become subject to much debate. Opponents of the MID argue that it primarily benefits middle-to-high earning households and drains the federal budget. There is, however, little knowledge about the short-term consequences of removing the deduction. The primary purpose of their paper is therefore to study how the diverse group of U.S. households is affected by different MID removal policies.

During the academic year, NATHANIEL LANE has been working on his thesis, titled “States of Development”, which explores the role of state institutions and elite politics in shaping economic development. The main chapter, (1) “Manufacturing Revolutions: Industrial Policy and Networks in South Korea,” uses a natural experiment to study the role of state interventions in producing the East Asian “Growth Miracle.” In particular, this study interrogates the short and medium-run effects of industrialization strategies pursued by Korea in the postwar period. The second chapter, (2) “Waiting for the Great Leap Forward,” studies the failures of the green revolution in the Philippines – the country where the new technologies were invented. Though the revolution dramatically increased agricultural productivity, structural transformation never materialized. Finally, in the third chapter, titled (3) “The Historical State, Local Collective Action, and Economic Development in Vietnam” (together with Melissa Dell (Harvard University) and Pablo Querubin (NYU)) he studies how historic state institutions lead to the long-run divergence of East and South East Asian economies.

BENEDETTA LERVA’S interests lie primarily in the area of development economics, and specifically in agriculture and education. Her thesis is currently composed of three chapters. The first, titled (1) “Education Interventions and Investment Choices: Experimental Evidence from Uganda” is a single authored project that aims at investigating whether weakly labeled cash transfers tied to an education intervention generate human capital accumulation in the household. She does so by studying a scholarship program for secondary school pupils in Uganda, whose access was randomized among eligible applicants. The second is titled (2) “Moral Hazard: Experimental Evidence from Tenancy Con-

tracts” and is co-authored with Konrad Burchardi, Selim Gulesci and Munshi Sulaiman. Using an experiment that induced variation in the terms of sharecropping contracts, it studies the effects of such contracts on agricultural input choices, risk-taking and output. The results show that tenants with a higher output share utilized more inputs, cultivated riskier crops and produced more output. The third, titled (3) “Credit Constraints and Capital Misallocation in Agriculture: Theory and Evidence from Uganda”, is co-authored with Konrad Burchardi and Jonathan de Quidt, and still in the implementation stage. Its main objectives are to quantify aggregate and within-sector misallocation, and identify to what extent it can be attributed to credit constraints.

JAAKKO MERILÄINEN’s research interests lie in empirical political economics. During the academic year, he worked on both single and co-authored projects related to: (i) exploring the evolution and drivers of class-based voting in 19th century England using individual-level records on vote choices; (ii) the choice and effects of market organization in the provision of local (impure) public goods; (iii) the electoral consequences of pre-electoral alliances between political parties; (iv) evaluating the reliability of regression discontinuity estimates of the personal incumbency advantage using data from elections around the world; (vi) assessing the policy positions of competent politicians and causal effects of



IIES staff singing at Erik Öberg’s defense dinner, June 2017.

having competent representation in the government. Besides these research projects, he revised older papers, some of which were accepted for publication in academic journals. Jaakko spent the fall semester at the Political Science Department at Stanford University. He also made shorter visits to the London School of Economics and Political Science and VATT Institute for Economic Research in Helsinki during the spring semester, and presented his research at EPCS (Budapest), EPSA (Milan) and IIPF (Tokyo) conferences.

MATTI MITRUNEN is working on several projects related to economic development, political economy and economic history. In his main project (1) “Long-lasting Structural Impact of the Finnish War Reparations”, Matti uses exogenous variation in Finnish reparation payments to the Soviet Union to understand the role of temporary government action in creating new industries. The project focuses on the long-term impacts of such interventions. During the academic year Matti also finished a working paper called (2) “Can You Make an American? Compulsory Patriotism and Assimilation of Immigrants” about the impact of patriotic ceremonies in schools on later assimilation. In addition to these projects Matti has worked on the effects of new timesaving technologies on women’s labor market participation (with Jaakko Meriläinen and Matti Sarvimäki) and started a project studying the public goods provision and democratization of Tanzania. Matti also served as the teaching assistant for the graduate level course Political Economics II.

JONNA OLSSON spent the academic year working on her dissertation within the field of macroeconomics, mainly focusing on questions concerning labor supply. In a project, titled (1) “Self-selection and Social Security Reform” (with Richard Foltyn), she looks at labor supply in older ages. In this project, the authors investigate how differences in terms of assets, wages and health determine the individual retirement decision. Evidence from Swedish as well as US data suggests that high earners choose to work longer, and to fully understand the redistributive effects of different social security reform options it is not enough to look at the average effect on retirement age, but to understand the mechanisms and capture the distribution of effects along the wealth, income and health gradients.

In another project (with Timo Boppart and Per Krusell), the question is about labor supply in post-war US. In this paper, the authors take a straightforward macroeconomic theory with active labor supply where the income effect dominates the substitution effect to see if it can account for the postwar U.S. facts in terms of hours per worker and labor force participation. Using a frictionless setting where consumers/workers at any point in time differ in wealth, productivity, disutility of work, age, gender, and parenthood, while taking into account important factors likely to have affected the US experience, namely changes in taxes, demographic changes, changes particular to female labor force conditions, and growth in wage dispersion, they find that a simple model accounts surprisingly

well for the postwar US experience, both for the intensive and extensive labor supply margins and for the very different trends for men as compared to women.

ERIK PRAWITZ has mainly worked on two papers concerned with the dramatic upswing in technological innovation in Sweden during the decades prior to World War I. In the paper (1) “Mass Migration, Cheap Labor, and Innovation” (with David Andersson and Mounir Karadja), he finds that Swedish emigration during the Age of Mass Migration (1850–1914) caused a substantial increase in innovation, as measured by technological patents. They argue that increased incentives for laborsaving innovations, due to an increase in labor costs, may be an important explanation behind the positive relationship between emigration and patents. In (2) “On the Right Track: Railroads and Innovation during Two Centuries” (with David Andersson and Thor Berger), he studies how the rollout of the railroad network in 1860-1900 affected innovative activity up till the present day. They find that railroads had positive and persistent effects on innovative activity. Patents increased and innovators started to collaborate more, over longer distances and in particular with other innovators along the unfolding railroad network.

JÓSEF SIGURDSSON’S research focuses on topics within the fields of macroeconomics and labor economics. During the academic year he worked on three projects: (1) “The Gift of Moving: Intergenerational Consequences of a Mobility Shock” (with Emi Nakamura and Jón Steinsson), NBER Working Paper 22392. In this paper, they use a natural experiment – a volcanic eruption, destroying one-third of the houses on an island – to estimate implications of moving costs and the benefits of the geographic mobility. Jósef, along with his coauthors, presented this work at several institutions during the year, including the NBER Trade and Geography meeting. (2) “Household Debt and Monetary Policy: Revealing the Cash-Flow Channel” (with Martin Flodén, Matilda Kilström and Roine Vestman). This paper studies the effect of monetary policy on spending when households hold debt linked to short-term interest rates, such as adjustable-rate mortgages. Jósef presented this paper e.g. at the ASSA meetings in January 2017. In his most recent project (3), he studies intertemporal labor supply.

HAS VAN VLOKHOVEN has been doing research in the area of macroeconomics. Has is particularly interested in the determinants and consequences of economic development. In an ongoing project titled (1) “Granting Women Economic Rights: The Role of Fertility and Old-Age Support” he studies how a decline in the fertility rate might have triggered the decision to grant women economic rights during the nineteenth century in the United States. Furthermore, his paper titled (2) “Financial Fragility of Euro Area Households” (with Miguel Ampudia and Dawid Zochowski) was published in *Journal of Financial Stability* in December 2016. During the spring of 2017 he visited the Economics

Department at Stanford University on a grant from the Jan Wallander and Tom Hedelius Foundation. He will continue his visit during the fall of 2017.

MAGNUS ÅHL was on leave during the academic year 2016/2017, and therefore did very limited work on his doctoral thesis, which focuses on macroeconomy and more specifically different aspects of monetary policy. A project titled (1) “How Big is the Toolbox of a Central Banker? Managing Expectations with Policy-rate Forecasts: Evidence from Sweden” is now available as Working Paper 339 in the Sveriges riksbank Working Paper Series. In the paper, Magnus investigates to what extent a central bank can use the announcement of a path for the policy rate to affect the market expectations of future interest rates, and thereby the macroeconomy. He uses Swedish data for the period since 2007, when the central bank of Sweden started to announce a policy-rate path, to answer these questions. Although the question is of general interest, it is of special importance during times when monetary policymakers are restricted by an effective lower bound for the policy rate, which is the case in several countries at the moment. Aside from this empirical approach, Magnus’ interests lie in the intersection of models with sticky prices and models of incomplete insurance and idiosyncratic income risk.



Annual IIES sailing trip, June 2017. Photo by: Konrad Burchardi.

Seminars and Publications

Seminars

Seminars at the IIES normally take place on Tuesdays between 13.00 and 14.30 and Thursdays between 15.00 and 16.30. Most speakers (about 90% of the total) are non-Swedish. Timo Boppart, Konrad Burchardi and Robert Östling, as well as Viktoria Garvare and Ulrika Gålnander (administration) are responsible for all seminars during the academic year.

Information about seminars of past and current academic years can be found on our web: <http://www.iies.su.se/research/seminars>. Invitations and papers presented at seminars can usually be received electronically.

Publications

A list of the IIES Seminar Papers can be found on our website. Should you wish to download PDF versions of the papers, please refer to <http://su.diva-portal.org/smash/search.jsf>

For the most exhaustive information on the publications of individual IIES researchers, visit their respective personal web pages.

The theses of our PhD students are published in our Monograph Series, a list of which is available via our website. For PDF downloads, do a search of the thesis on <http://su.diva-portal.org/smash/search.jsf>

The IIES Reprint Series was discontinued at the end of 2001. Our web contains a list of previous and recent publications.



Front Cover: Olle Baertling, Dynamiqué Noir Vert, Paris, 1953, Oil on canvas.

Back Cover: Universitetsvägen, Villa Bellona, autumn 2017.

Photo: Viktoria Garvare.

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