

JÓSEF SIGURDSSON
www.josefsigurdsson.com
josef.sigurdsson@iies.su.se

**INSTITUTE FOR INTERNATIONAL ECONOMIC STUDIES (IIES)
STOCKHOLM UNIVERSITY**

Placement Officer: Mitch Downey mitch.downey@iies.su.se +46 (0) 8 16 30 70
Placement Officer: Tessa Bold tessa.bold@iies.su.se +46 (0) 8 16 22 25

OFFICE CONTACT INFORMATION

Institute for International Economic Studies
Stockholm University
Stockholm, 106 91, Sweden
Office: +46 (0) 8 16 3174

HOME CONTACT INFORMATION

Körsbärsvägen 9, Apt. 0803
Stockholm, 114 23, Sweden

Mobile: +354 867 1042

PERSONAL INFORMATION:

Date of birth: October 12, 1985. Icelandic citizen

UNDERGRADUATE STUDIES:

BA, Economics, University of Iceland, First Class, 2009

MASTERS LEVEL WORK:

MSc, Economics, University of Warwick, Distinction, 2010

DOCTORAL STUDIES:

IIES, Stockholm University, 2013 to present

Thesis Title: “*Essays on Labor Supply and Economics of Adjustment Frictions*”

Expected Completion Date: June 2019

Thesis Committee and References:

Professor Torsten Persson (Primary Advisor)
IIES, Stockholm University
+46 (0) 8 16 30 66
torsten.persson@iies.su.se

Professor Emi Nakamura (Advisor)
University of California, Berkeley
+1 510 642 5837
enakamura@berkeley.edu

Professor Jón Steinsson (Advisor)
University of California, Berkeley
+1 510 642 3674
jsteinsson@berkeley.edu

Assistant Professor Arash Nekoei (Advisor)
IIES, Stockholm University
+46 (0) 700 972 144
arash.nekoei@iies.su.se

TEACHING AND RESEARCH FIELDS:

Primary fields: Labor economics, Macroeconomics

Secondary fields: Household finance, Public economics

TEACHING EXPERIENCE:

Fall 2018	Labor Economics I (PhD level), Stockholm University, teaching assistant and for Arash Nekoei and Mitch Downey
Spring 2013, Spring 2012	Economic Growth and Survey of the Icelandic Economy (Bachelor level), University of Iceland, lecturer with Ásgeir Jonsson
Fall 2012	Macroeconomics I (Masters level), University of Iceland, lecturer with Ásgeir Jonsson
Fall 2011, Spring 2011	Microeconomics I (Bachelor level), Reykjavik University, teaching assistant for Axel Hall
Spring 2009	Topics in Macroeconomics (Bachelor level), University of Iceland, teaching assistant for Ásgeir Jonsson

RESEARCH EXPERIENCE AND OTHER EMPLOYMENT:

Fall 2016 - Spring 2018	Statistics Iceland, Outside researcher
Fall 2015 - Summer 2016	Massachusetts Institute of Technology (MIT), visiting student
Fall 2013 - Spring 2015	IIES, Stockholm University, Research Assistant
Fall 2012 - Spring 2013	University of Iceland, Associate Lecturer
Fall 2010 - Summer 2013	Central Bank of Iceland, Research and forecasting division, Economist

PROFESSIONAL AND OTHER ACTIVITIES

Presentations: AEA Annual Meeting, MIT, IIES, Stockholm University, Uppsala University
SUDSWEC, LSE, New perspectives on consumption measures (discussant),
Nordic Summer Symposium in Macroeconomics, Central Bank of Iceland,
University of Iceland.

Other: IIES Macro group, organizer
External examiner of master theses, University of Iceland, Economics Department
Evaluation of funding proposals for the Icelandic Center for Research (RANNÍS)

HONORS, SCHOLARSHIPS, AND FELLOWSHIPS:

2017-2020	Alfred P. Sloan Foundation Grant, "How Behavioral is Consumption?", (collaborator with Emi Nakamura and Jón Steinsson)
2017-2018	Research scholarship, H S and Emmy Josephson Grant Foundation
2017-2018	Research scholarship, Lydia and Emil Kinander Foundation
2017	Research travel grant, Carl Mannerfelt Foundation
2015-2016	Research scholarship for studies at MIT, Jan Wallander and Tom Hedelius Foundation
2015	Research travel grant, Carl Mannerfelt Foundation

JOB MARKET PAPER:

“Labor Supply Responses and Adjustment Frictions: A Tax-Free Year in Iceland”

How does labor supply respond to a temporary wage change? To answer this question, I study an unexpected and salient tax reform in Iceland in 1987 that resulted in a year free of labor income taxes, but creating only minimal income effects, offering an ideal natural experiment. I first construct a new employer-employee dataset from digitized administrative records for the population. I then use two complementary research designs to estimate Frisch elasticities. The first design, which is standard, exploits the progressivity of the tax system and identifies an intensive-margin elasticity of 0.4. The second design, which is new, uses similarities in life-patterns of labor supply and identifies an extensive-margin semi-elasticity of 0.07. Guided by a combination of machine learning and causal estimation, I uncover three key mechanisms behind these responses. First, the young and those close to retirement drive the extensive-margin response. Second, workers with temporal flexibility and the hourly paid have substantially higher elasticities than constrained workers. However, constrained workers take up secondary jobs, which contribute 7% of the overall responses. Third, married women are more responsive than their husbands. Husbands, but not wives, respond negatively to their spouses' tax cuts, inconsistent with unitary household models. My results imply that voluntary changes in work are key to the transmission of aggregate shocks, but the responses depend on labor-market and demographic structures.

PUBLICATIONS:

“Time-Dependent or State-Dependent Wage-Setting? Evidence from Periods of Macroeconomic Instability”, *Journal of Monetary Economics*, 78(2), 50-66, April 2016 (with Rannveig Sigurdardottir)

Administrative data on monthly wages in Iceland during 1998–2010 provide new insight into nominal wage rigidity. Unlike the data used in previous work, ours have a higher frequency, minimal measurement error, and a long sample including a period of substantial macroeconomic instability. We find that the monthly frequency of nominal wage changes is 13 percent. Although nominal wage cuts are rare, their frequency rises following a large macroeconomic shock. Timing of wage changes is both time-dependent and state-dependent: we find evidence of synchronization of adjustment and contracts of fixed duration, but also that inflation and unemployment over the wage spell affect the timing of adjustment.

RESEARCH PAPERS:

“The Gift of Moving: Intergenerational Consequences of a Mobility Shock”
(with Emi Nakamura and Jón Steinsson). Revise and Resubmit at *Review of Economic Studies*

We exploit a volcanic “experiment” to study the costs and benefits of geographic mobility. We show that moving costs (broadly defined) are very large and labor therefore does not flow to locations where it earns the highest returns. In our experiment, a third of the houses in a town were covered by lava. People living in these houses were much more likely to move away permanently. For those younger than 25 years old who were induced to move, the “lava shock” dramatically raised lifetime earnings and education. Yet, the benefits of moving were very unequally distributed within the family: Those older than 25 (the parents) were made slightly worse off by the shock. The large gains from moving for the young are surprising in light of the fact that the town affected by our volcanic experiment was (and is) a relatively high income town. We interpret our findings as evidence of the importance of comparative advantage: the gains to moving may be very large for those badly matched to the location they happened to be born in, even if differences in average income are small.

“Household Debt and Monetary Policy: Revealing the Cash-Flow Channel”

(with Martin Flodén, Matilda Kilström and Roine Vestman). Revise and Resubmit at *Economic Journal*

We examine the effect of monetary policy on spending when households hold debt linked to short-term rates, such as adjustable-rate mortgages (ARMs). Using registry-based data, which is broadly representative of Swedish households, we find substantial heterogeneity in consumption responses to changes in monetary policy. We find that consumption responds more strongly to changes in interest rates for households with high debt than for households with little or no debt. Moreover, households with ARMs appear to be more interest-rate sensitive than households with fixed-rate mortgages. Our results are consistent with hand-to-mouth behavior and an important transmission of monetary policy through the cash-flow channel.

RESEARCH IN PROGRESS

“How Behavioral is Consumption?”

(with Emi Nakamura and Jón Steinsson)

“Real Wage Persistence and Job Displacement in Recessions”

Do tight labor market conditions have persistent effect on real wages and, if so, are higher wages associated with higher risk of layoff in recessions? This paper provides new answers to these two important questions. Using employer-employee data on wages and employment in Iceland prior to and during the Great Recession, I find that labor market conditions at the beginning and during employment spells have persistent effects on real wages. Furthermore, I find that this downward real wage rigidity has allocative consequences for employment. Workers that were hired at times of favorable labor market conditions and thus have higher wages face significantly higher probability of job loss in recessions. These results indicate that higher entry-level wages reflect cyclical and downward persistence of rents rather than differences in human capital accumulation or match quality.