

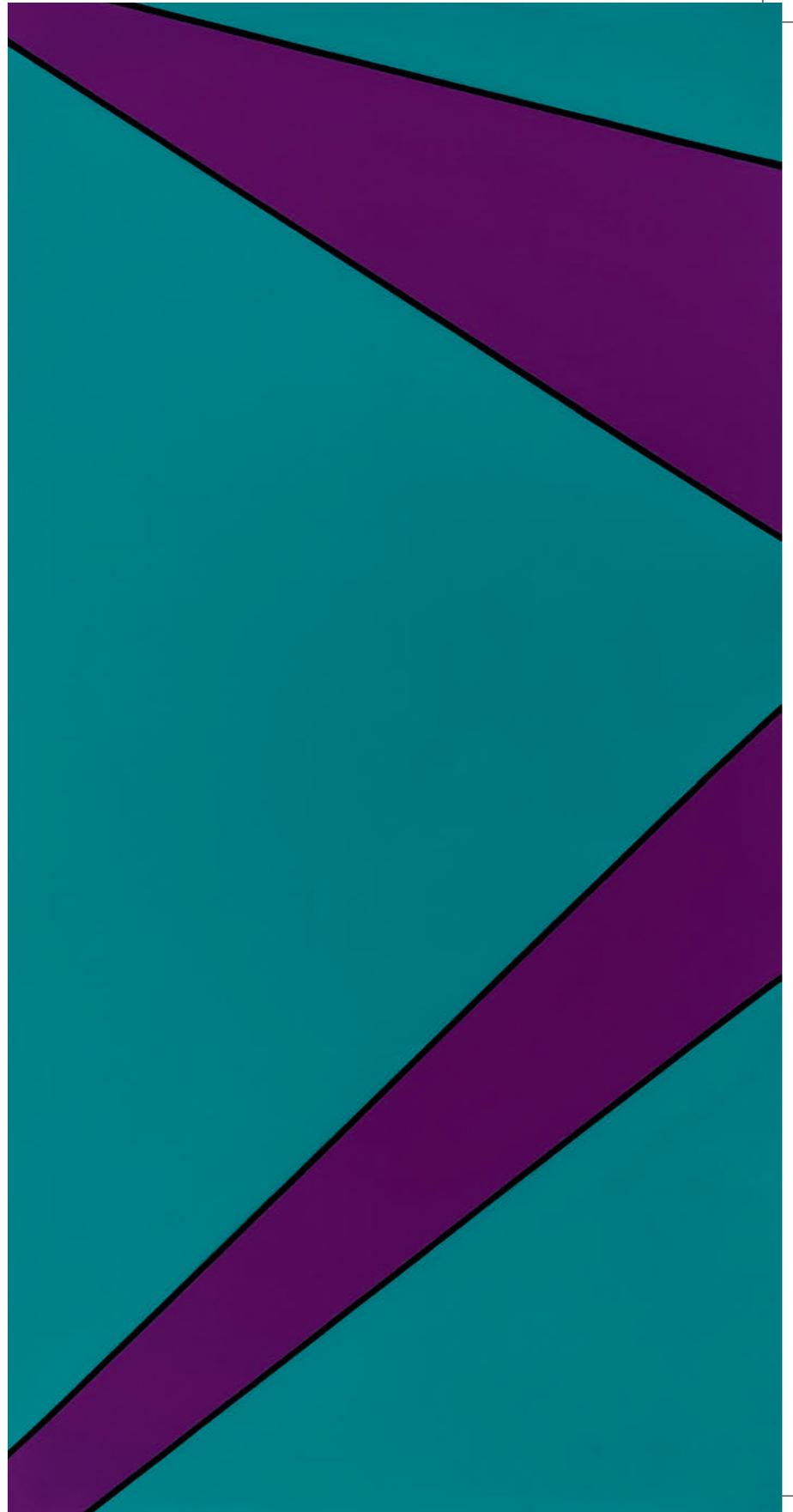


Stockholm
University

INSTITUTE FOR
INTERNATIONAL
ECONOMIC STUDIES

Annual Report 2017/2018

Research Activities
Staff and Organization
Publications



The Institute for International Economic Studies

Stockholm University

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Deputy Director:

JOHN HASSLER

Administration:

CHRISTINA LÖNNBLAD (Head)

ANNIKA ANDREASSON (until May 2018)

KARL ERIKSSON (IT Support)

VIKTORIA GARVARE (until December 2017)

ULRIKA GÄLNANDER

TOVE HAPPONEN

HANNA WEITZ (on leave until February 2018)

Visitors Program and Seminars:

TIMO BOPPART

KONRAD BURCHARDI

ULRIKA GÄLNANDER

ARASH NEKOEI

KATHRIN SCHLAFMANN

ROBERT ÖSTLING

Board of Governors:

ANDERS BJÖRKLUND, Professor (until December 2017)

KARIN BÄCKSTRAND, Professor (from June 2018)

LOVE EKENBERG, Professor

HARRY FLAM, Professor Emeritus

JOHN HASSLER, Professor (Deputy Chair)

LARS HEIKENSTEN, Executive Director of the Nobel Foundation

KERSTIN LIDÉN, Professor (from June 2018)

KARL O. MOENE, Professor

MICHAEL SOHLMAN

JAKOB SVENSSON, Professor (Chair)

Research Assistants:

AGNETA BERGE

MIRIAM HURTADO BODELL

MARKUS KONDZIELLA

CAROLINA LINDHOLM

EVELINA LINNROS

Publications:

VIKTORIA GARVARE (until December 2017)

ULRIKA GÄLNANDER

HANNA WEITZ (on leave until February 2018)

Professors:

LARS CALMFORS
HARRY FLAM
JOHN HASSLER
PER KRUSELL
ASSAR LINDBECK
MATS PERSSON
TORSTEN PERSSON
PETER SVEDBERG
JAKOB SVENSSON

Affiliated Professors :

LARS E.O. SVENSSON

Research Fellows:

INGVILD ALMÅS
ALMUT BALLEER
TESSA BOLD
TIMO BOPPART
TOBIAS BROER
KONRAD BURCHARDI
JONATHAN DE QUIDT
MITCHELL DOWNEY (from June 2018)
SEBASTIAN KOEHNE (on leave)
ALEXANDRE KOHLHAS
KURT MITMAN
ARASH NEKOEI
PETER NILSSON
ANNA SANDBERG
KATHRIN SCHLAFMANN
ROBERT ÖSTLING

Graduate Students:

ANNA AEVARSDOTTIR
MATTIAS ALMGREN
SERENA COCCILO
SAMAN DAROUGHEH
SIRUS HÄFSTRÖM DEHDARI

DIVYA DEV
RICHARD FOLTYN
JOSÉ-ELÍAS GALLEGOS DAGO
SELENE GHISOLFI
KARL HARMENBERG
MATHIAS IWANOWSKY
MARKUS KARLMAN
MATILDA KILSTRÖM
KARIN KINNERUD
KASPER KRAGH-SØRENSEN
JOHN KRAMER
BENEDETTA LERVA
HANNES MALMBERG
JAAKKO MERILÄINEN
MATTI MITRUNEN
NATHANIEL LANE
JONNA OLSSON
ERIK PRAWITZ
SREYASHI SEN
JÓSEF SIGURDSSON
XUEPING SUN
HAS VAN VLOKHOVEN
MAGNUS ÅHL
ERIK ÖBERG

Visiting Graduate Students:

PAULA ROTH
MARIAJOSÉ SILVA VARGAS

Visiting Fellows:

JOSEPH BRIGGS, New York University
GHARAD BRYAN, London School of Economics
JOHANNES HAUSHOFER, Princeton University
RUIXUE JIA, University of California, San Diego
NILS-PETTER LAGERLÖF, York University

News at the Institute 2017/2018

INGVILD ALMAS will be promoted to Professor as of 1 July, 2018.

ANNIKA ANDREASSON left her position at the Institute in June 2018, to take up a position at Cybercom, after having obtained her Master of Science in Computer and Systems Science with a Specialization in Information Security.

AGNETA BERGE and CAROLINA LINDHOLM (both currently research assistants at the IIES) as well as RICARDO LIMA, FRANCESCO LOIACONO and MARKUS PETERS (from the Department of Economics at Stockholm University) have been accepted as graduate students as of September 2018.

TESSA BOLD holds a position as Associate Professor at the Institute as of April 2018.

TIMO BOPPART and PER KRUSELL were awarded Myrdalspriset 2017 for the best article in *Ekonomisk Debatt* that year: “Hur mycket vi arbetar – dåtid, nutid och framtid” (How Much Do We Work: The Past, The Present and The Future).

LARS CALMFORS was appointed member of a Government Commission on Employment in Norway. Lars also took on a job as leader of a project on “The Labour Market Integration of Immigrants in the Nordics” on behalf of the Nordic Council of Ministers. In addition, he took on a task as scientific advisor to the Swedish daily *Dagens Nyheter* which publishes a number of “reviews of the facts” in various areas believed to be of importance to voters before the Swedish parliamentary elections in September 2018.

SERENA COCCIOLO received a grant from JPAL-GI: The Abdul Latif Jameel Poverty Action Lab, Governance Initiative, for the project “Understanding Institutional Persistence: Exposure to Community-driven Development and the Value of Autonomy and Democracy” (joint with Anna Tompsett (Stockholm University) and Ahasan Habib (NGO Forum for Public Health)).

SIRUS HÄFSTRÖM DEHDARI successfully defended his doctoral thesis *Radical Right, Identity, and Retaliation* in June 2018. He will take up a post doc position at the Department of Government in Uppsala as of September 2018. His dissertation chapter “Economic Distress and Support for Far-right Parties: Evidence from Sweden” received vast attention from the Swedish press, including several of the major Swedish newspapers. He also received funding from the Swedish Royal Academy of Sciences for his project on the determinants of far-right voting, titled “Support for Far-right Parties”.

MITCHELL DOWNEY, PhD from University of California, San Diego, took up a position as Assistant Professor at the Institute, starting June 2018.

VIKTORIA GARVARE MAHDESSIAN left her temporary administrative position at the Institute in December 2017 to go on parental leave.

ULRIKA GÄLNÄNDER and TOVE HAPPONEN, who have both held temporary positions at the Institute, will join the Institute as permanent members of staff in the summer of 2018.

PHILIPP HOCHMUTH and FABIAN SINN will join the Institute as research assistants as of September 2018. They are also first-year students in the graduate program in economics.

MATHIAS IWANOWSKY successfully defended his thesis *Essays in Development and Political Economics* in June 2018. He will take up a tenure track position at Ludwig-Maximilians-University Munich as of September 2018.

SEBASTIAN KOEHNE accepted a (full) professorship at Kiel University in Germany starting March 2018. He has been on leave from the Institute and will formally leave his position at the end of August 2018.

NATHANIEL LANE successfully defended his thesis *States of Development: Essays on the Political Economy of Development in Asia* in September 2017. He currently holds a post doc at MIT and will take up a tenure track position at Monash University in the fall of 2018.

KURT MITMAN received an ERC Starting Grant for the project “Micro Heterogeneity and Macroeconomic Policy”. Kurt was also selected as a panel member for *Economic Policy*. He was appointed as a part-time Professor at European University Institute and was a visiting scholar at the Federal Reserve Bank of New York.

ANNA SANDBERG left the Institute in September 2017 for a position as a researcher at the Swedish Institute for Social Research (SOFI) at Stockholm University.

DAVID SCHÖNHOLZER, with a degree from University of California, Berkeley, has accepted a tenure track position at the Institute starting September 2019. He will spend the academic year 2018/2019 as a post doc at the Cowles Foundation, Yale University.

JAKOB SVENSSON visited the Research Department of the World Bank for two months in the fall of 2017.

MICHAELA DE VERDIER will start a temporary administrative position at the Institute in August 2018.

HANNA WEITZ returned to the Institute in March 2018 after having been on parental leave. She will be on parental leave again from September 2018.

YIMEI ZOU will join the Institute as an Assistant Professor as of September 2018. She has a PhD from University Pompeu Fabra.

ROBERT ÖSTLING, together with Erik Lindqvist and David Cesarini, received funding from Ragnar Söderbergs Stiftelse for their project “Wealth Accumulation over the Life Cycle and between Generations”.



Annika Andreasson opening her farewell gift. Annika left her position as an administrator at the Institute in June 2018, to take up a position at Cybercom.

Staff Research Activities 2017/2018

INGVILD ALMÅS published the following papers: (1) “The PPP Approach Revisited: A Study of RMB Valuation against the USD” (with Mandeep Grewal, Marielle Hvide and Serhat Ugurlu), *Journal of International Money and Finance* 77, 2017; (2) “A Behaviour-based Approach to the Estimation of Poverty in India” (with Anders Kjelsrud and Rohini Somanathan), *Scandinavian Journal of Economics*, 2017; as well as (3) “Measuring and Changing Control: Women’s Empowerment and Targeted Transfers” (with Alex Armand, Orazio Attanasio and Pedro Carneiro), *The Economic Journal* 128, 2018. Her paper (4) “The Cost of a Growth Miracle - Reassessing Poverty and Inequality Trends in China” (with Åshild Johnsen) is forthcoming in *Review of Economic Dynamics*. During the year, Ingvild also gave seminars and presentations at the IFS/STICERD Public Economics Seminar, November 2017, London; the Co-Evolution of Behaviors and Institutions, March 2018, Santa Fe, U.S.; and the Inaugural Conference Experimental Economics Group, May 2018, Bonn, Germany.

ALMUT BALLEER organized the conference Women in Macroeconomics and Finance, a two-day international workshop, Fritz Thyssen foundation Cologne, on November 27 and 28, 2017, funded by the German Research Foundation (DFG) and RWTH Aachen University. She also gave seminars at University of Konstanz and IAB Nuremberg, as well as conference presentations at EEA/ESEM Cologne.

TESSA BOLD has published a paper entitled (1) “Enrollment without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa”, *Journal of Economic Perspectives* 31, 2017. Her paper (2) “Experimental Evidence on Scaling up Education Reforms in Kenyan Education” (with Justin Sandefur, Germano Mwabu and Alice Ng’ang’a) has been accepted for publication in *Journal of Public Economics*. She has continued to work on a paper entitled (3) “The Lost Human Capital: Teacher Knowledge and Student Achievement in Africa” (with Jakob Svensson, Deon Filmer and Ezequiel Molina), which has been submitted for publication. She has also been working on requested revisions for (4) “Village Risk-sharing Revisited” (with Tobias Broer). Finally, she has completed and submitted a paper with Ingvild Almås, Maximilian Auffhammer, Ian Bolliger, Aluma Dembo, Solomon Hsiang, Shuhei Kitamura, Edward Miguel and Robert Pickmans, (5) “Economic Decision-making, Judgment, and Destructive Behavior under Thermal Stress”.

TIMO BOPPART worked 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) “Exploiting MIT Shocks in Heterogeneous-agent Economies: The Impulse Response as a Numerical Derivative”, *Journal of Economic Dynamics and Control* 89, 2018 (with Per Krusell and Kurt Mitman) as well as (7) “Firm Dynamics and Growth in France”, *Journal of the European Economic Association*, forthcoming (with Philippe Aghion, Antonin Bergeau and Simon Bunel). Finally, he started a new project on rents and productivity slowdown. Timo presented his work at the SED conference, the Ensai Workshop on Growth and Development, the Innovation and Inequality Workshop in St Louis, the Collège de France workshop on Market Power, and the Summer Forum in Barcelona (EGF) as well gave seminars at Yale, Uppsala University, University of Manchester, Groningen (GGDC), Mannheim, HEC Lausanne, Minnesota, and Bern. He also co-organized the seminar series.

TOBIAS BROER’S work in progress includes 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); (3) “Risk Sharing in Village Economies Revisited” (with Tessa Bold); (4) “Forecaster (Mis-) Behavior” (with Alexandre Kohlhas); (5) “Risk Sharing under Limited Commitment in an Economy with Aggregate Fluctuations” (with Paul Klein); and (6) “Heterogeneous Information Choice in General Equilibrium” (with Alexandre Kohlhas, Kurt Mitman and Kathrin Schlafmann). He published the article (7) “Securitisation Bubbles: Structured Finance with Disagreement about Default Risk”, in *Journal of Financial Economics* 127, 2018. During the year, Tobias also presented his work at the Society of Economic Dynamics Annual Meeting, Mexico City, the Third EUI Alumni Workshop, Florence, Erasmus University Rotterdam and CERGE-EI Prague. Tobias also visited the Einaudi Institute for Economics and Finance in Rome, Italy during the month of April.

KONRAD BURCHARDI published the results from an experiment designed to understand the role of agricultural tenancy contracts for low agricultural output and productivity in developing countries (1) “Moral Hazard: Experimental Evidence from Tenancy Contracts”, accepted in *Quarterly Journal of Economics*; and the results from a study that shows how the international social connectedness causes economic integration in terms of foreign direct investment (2) “Migrants, Ancestors and Investments”, accepted in *Review of Economic Studies*. He presented ongoing work at Hertie School of Governance (Berlin), the ASWEDE conference in Uppsala, the NGO workshop at SSE, the Development and Finance workshop at LSE and the Markets and Organizations in Emerging Economies conference at Northwestern Kellogg. He stayed for several short research visits at the London School of Economics (LSE) for his joint work with Timothy Besley and Maitreesh Ghatak, with whom he co-organized the “Development and Finance” workshop at LSE.

LARS CALMFORS worked on issues such as collective bargaining, labor market policy, labor market integration of immigrants and the functioning of the euro area. He served as chief editor of *Nordic Economic Policy Review* and directed the research project “Labour Market Integration of Immigrants in the Nordics” on behalf of the Nordic Council of Ministers. He also edited the book *Framtidens arbetsförmedling* (Future Employment Services), Fores, 2018 (together with Andreas Bergström). He published (1) “Hur ändamålsenlig är industrins märkessättning?” (How Appropriate Is the Wage Norm Set by the Manufacturing Sector?), *Ekonomisk Debatt* 45:5, 2017; (2) “Increasing Income Inequality in the Nordics – An Introduction, *Nordic Economic Policy Review*, 2018 (with Jesper Roine); (3) *Hur fungerar kollektivavtalen?* (How Do the Collective Agreements Function?), Arbetsmarknadsekonomska rådet (The Swedish Labour Policy Council), 2018 (with Simon Ek, Ann-Sofie Kolm, Tuomas Pekkarinen and Per Skedinger); (4) *Olika vägar till jobb* (Different Roads to Employment), Arbetsmarknadsekonomska rådet, 2018 (with Simon Ek, Ann-Sofie Kolm, Tuomas Pekkarinen and Per Skedinger); (5) “Framtidens arbetsförmedling – sammanfattande slutsatser” (Future Employment Services – Main Conclusions), Fores, 2018 (with Andreas Bergström); (6) “Eurosamarbetet efter eurokrisen” (Eurozone Co-operation after the Euro Crisis), in Mats Persson and Eva Skult (eds.), *Tillämpad makroekonomi* (Applied Macroeconomics), Studentlitteratur, 2018; and (7) “Hur får forskningsunderlag genomslag i politiken? Reflektioner utifrån egna erfarenheter” (How Does Research Affect Policy? Reflections on the Basis of Own Experience), *Att vara brygga mellan forskning och politik* (To Be a Bridge between Research and Policy), Rapport till Expertgruppen för studier i offentlig ekonomi 2017:8.

JONATHAN DE QUIDT worked on projects on land markets and credit constraints in developing countries, on the theory of and evidence for implicit biases in individual decision-making, on gender discrimination in hiring, and on the economics of depression. He had the following papers published: (1) “Market Structure and Borrower Welfare in Microfinance”, *Economic Journal* 128, 2018 (with Thiemo Fetzer and Maitreesh Ghatak); (2) “Commercialization and the Decline of Joint Liability Microcredit”, *Journal of Development Economics* 134, 2018 (with Thiemo Fetzer and Maitreesh Ghatak); and (3) “Is the Credit Worth It? For-profit Lenders in Microfinance with Rational and Behavioral Borrowers”, *Annals of Public and Cooperative Economics*, Centennial Issue, 2018 (with Maitreesh Ghatak). He also had the following paper accepted: (4) “Experimenter Demand Effects”, forthcoming in Arthur Schram and Aljaž Ule (eds.), *Handbook of Research Methods and Applications in Experimental Economics* (with Lise Vesterlund and Alistair Wilson). In addition, Jonathan gave seminars and attended conferences in Lund, Melbourne, Becker Friedman Institute Health Econ Conference, CESifo behavioral conference, Berlin, Zurich, Barcelona Summer Forum, and ECBE conference.

HARRY FLAM revised (1) “Vinner eller förlorar Sverige på att gå med i EU:s monetära union?” (Does Sweden Win or Lose by Joining the EU:s Monetary Union?) and wrote (2) “Finanspolitiken i Sverige” (Fiscal Policy in Sweden), both in Mats Persson and Eva Skult (eds.), *Tillämpad Makroekonomi* (Applied Macroeconomics), Studentlitteratur, 2018 (with Mats Persson). He also wrote (3) “Sweden’s Current Account Surplus” in Emil Ems and Thorvaldur Gylfason (eds.), *Prosperity Through Trade and Structural Reform*, Dialogos, 2018; and (4) “Production Integration in the European Union”, CESifo Working Papers 6944 (with Håkan Nordström).

JOHN HASSLER’s research has remained on the economics of climate change. Together with Per Krusell he wrote a chapter on climate change and macroeconomics to appear in the coming *Handbook of Environmental Economics*. The paper (1) “The Consequences of Uncertainty: Climate Sensitivity and Economic Sensitivity to the Climate” (with Per Krusell and Conny Olovsson) was published in *Annual Review of Economics* 10, 2018.

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 a project on economics and global climate change, which involves cooperation with other scientists in Sweden and abroad.

SEBASTIAN KOEHNE has been on leave from his position. He spent the fall term at Uppsala University and took up a professorship at Kiel University in Germany in March 2018.

ALEXANDRE KOHLHAS revised 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 Common Knowledge”; and (3) “An Informational Rationale for Instrument Policy”. He also completed three new papers, titled (4) “Asymmetric Attention” (with Ansgar Walther); (5) “Forecaster (Mis-) Behavior: Strategic Incentives or Behavioral Bias?” (with Tobias Broer); and (6) “Heterogenous Information Choice in General Equilibrium (with Tobias Broer, Kurt Mitman and Kathrin Schlafmann)”. Alexandre presented his work at the ASSA Conference, Banque de France, the Barcelona Summer Forum, Cambridge University, Cornell University, CEPR Summer Symposium (Gerzensee), CEF, Mannheim University, Oxford University, Salento Summer Meetings, and the SED. He also visited Cornell University and UCL, acted as a discussant at the FIRS Summer Conference, the Cambridge INET/MacroNets Conference, and served on the graduate student admissions committee in economics.

ASSAR LINDBECK (together with Mats Persson) has published the paper (1) “Social Norms in Social Insurance”, *Journal of Political Economy* 126, 2018. He has also been working on

the following papers: (2) “Investment, Rational Inattention and Delegation”, IFN Working Paper 1171 (with Jörgen Weibull); (3) “Immigration and Anti-social Behavior” (unfinished, with Mats Persson); and (4) “Idiosyncratic Reflections on Economics as a Science” (speech at the prize ceremony at Kiel University in connection with the reward of the 2017 Global Economy Prize), forthcoming in *Journal of Economics*.

ARASH NEKOEI published two working papers: (1) ”Risk-based Selection in Unemployment Insurance: Evidence and Implications” (with Camille Landais, Peter Nilsson, David Seim and Johannes Spinnewijn), and (2) “How Do Inheritances Shape Wealth Inequality? Theory and Evidence from Sweden” (with David Seim).

PETER NILSSON’s work (1) “The Optimal Timing of Unemployment Benefits: Theory and Evidence from Sweden” (with Camille Landais, Johannes Spinnewijn and Jonas Kolsrud), was accepted for publication in *American Economic Review*. The paper (2) “Economic Status, Air Quality, and Child Health: Evidence from Inversion Episodes” (with Jenny Jans and Per Johansson) was accepted for publication in *Journal of Health Economics*. The paper “Worker Absenteeism: Peer Influence , Monitoring, and Job Flexibility” (with Arizo Karimi and Per Johansson) was accepted for publication in *Journal of the Royal Statistical Society*.



Staff attending one of the semiweekly seminars at the Institute, held by international scholars.

He also resubmitted the papers (3) “Early Lead Exposure and Outcomes in Adulthood” (with Hans Grönqvist and Per-Olof Robling); (4) “Risk Based Selection in Unemployment Insurance: Evidence and Implications” (with Camille Landais, Arash Nekoei, David Seim and Johannes Spinnewijn); (5) “Congestion Charges and Children’s Health” (with Janet Currie, Emilia Simeonova and Reed Walker); (6) “Businesses, Buddies, and Babies: Fertility and Social Interactions at Work” (with Lena Hensvik and Magne Krogstad Asphjell); and finally (7) “Discrimination in the Long-run” (with Lena Hensvik and Ulfhild Westin).

KURT MITMAN’s research has focused on macroeconomics, broadly defined, with a particular emphasis on labor markets, and credit and housing markets. He worked on revising: (1) “Do Unemployment Benefit Extensions Explain the Emergence of Jobless Recoveries?” (with Stanislav Rabinovich) for *Journal of Political Economy*; (2) “Unemployment Benefits and Unemployment in the Great Recession: The Role of Macro Effects” (with Marcus Hagedorn, Fatih Karahan and Iourii Manovskii) for *Journal of Political Economy*; (3) “The Impact of Unemployment Benefit Extensions on Employment: The 2014 Employment Miracle?” (with Marcus Hagedorn and Iourii Manovskii) for *American Economic Review*; (4) “The Housing Boom and Bust: Model Meets Evidence” (with Greg Kaplan and Gianluca Violante) for *Journal of Political Economy*; (5) “Non-durable Consumption and Housing Net Worth in the Great Recession: Evidence from Easily Accessible Data” (with Greg Kaplan and Gianluca Violante) for *Journal of Public Economics*. He released the following new working papers: (6) “Forward Guidance” (with Marcus Hagedorn, Jinfeng Luo and Iourii Manovskii) CEPR Discussion Paper 12858. He published: (7) “Exploiting MIT Shocks in Heterogeneous Agent Economies: The Impulse Response as a Numerical Derivative” (with Timo Boppart and Per Krusell), *Journal of Economic Dynamics and Control* 89, 2018. Kurt also gave research seminars at Stanford, UC San Diego, Ohio State, Royal Holloway, Bank of Finland, HECER, EUI, Bank of Portugal, Nova SBE, and Sveriges Riksbank. He was an organizer for the Economic Growth and Fluctuations Group at the Barcelona Summer Forum; the Society of Economic Dynamics Annual Meeting in Mexico City; and the Macroeconomics and Inequality Group at the Stanford Institute for Theoretical Economics. Kurt presented his research at the following conferences: Stanford Institute for Theoretical Economics: Macroeconomics and Inequality Group, Palo Alto; Nordic Summer Symposium in Macroeconomics; Mini-Conference on Heterogeneous Agents Macroeconomics, Zurich; The Platform for Advanced Scientific Computing (PASC) Conference; Heterogeneity in Macroeconomics a Decade after the Crisis, Cambridge; Fiscal Policy in the EMU: The Way Ahead, Frankfurt; NBER Summer Institute (EFSF); Society for Economic Dynamics Annual Meeting, Mexico City; MacCaLM Summer Workshop, Edinburgh; New Issues in Macroeconomics, Ischia; NBER Economic Fluctuations and Growth Workshop, San Francisco; AEA Annual Meeting, Philadelphia; Econometric Society North American Winter Meeting, Philadelphia; CASEE Junior Macro Conference,

Arizona State; Fed St. Louis-JEDC-SCG-SNB-UniBern Conference on Fiscal and Monetary Policies, Gerzensee; LAEF Conference on Why the Government Does Whatever It Is the Government Does, Santa Barbara; Housing, Housing Credit and the Macroeconomy, UCL, London; as well as Micro and Macro Perspectives on Inequality, Oslo.

MATS PERSSON published (1) the 6th edition of the anthology *Tillämpad makroekonomi* (Applied Macroeconomics) (with Eva Skult) (eds.); and (2) “Social Norms in Social Insurance”, *Journal of Political Economy* 126, 2018 (with Assar Lindbeck).

TORSTEN PERSSON published the papers (1) “Gender Quotas and the Crisis of the Mediocre Man: Theory and Evidence from Sweden”, *American Economic Review* 107, 2017 (with Timothy Besley, Olle Folke and Johanna Rickne); (2) “Who Becomes a Politician?”, *Quarterly Journal of Economics* 132, 2017 (with Ernesto Dal Bó, Frederico Finan, Olle Folke and Johanna Rickne); and (3) “Dynastic Political Rents”, *Economic Journal* 127, 2017 (with Olle Folke and Johanna Rickne). He also substantially revised (4) “Democratic Values and Institutions”, 2018 (with Timothy Besley) and wrote the new paper (5) “Economic Losers and Political Winners: Sweden’s Radical Right”, 2018 (with Ernesto Dal Bó, Frederico Finan, Olle Folke and Johanna Rickne). During the academic year, Persson gave a number of seminars and lectures in Sweden, Europe, the U.S., and China. In October/November 2017, he visited the London School of Economics, in his capacity as a Centennial Professor, where he gave a series of lectures to PhD students. In May 2018, Persson gave the opening lecture at the 350th anniversary of Sveriges Riksbank.

ANNA SANDBERG published the papers (1) “Competing Identities: A Field Study of In-group Bias among Professional Evaluators”, *Economic Journal* 128, 2018; (2) “Comment on Boschini and Gunnarsson: Gendered Trends in Income Inequality”, *Nordic Economic Policy Review: Increasing Income Inequality in the Nordics* 519, 2018 (with Karin Hederos); and (3) “Many Analysts, One Dataset: Making Transparent How Variations in Analytical Choices Affect Results”, *Advances in Methods and Practices in Psychological Science* 1(3), 2018 (with Raphael Silberzahn, Eric Luis Uhlman, Dan Martin and others). In addition, she published two SSRN working papers: (4) “Undressed for Success? The Effects of Half-naked Women on Economic Behavior” (with Evelina Bonnier, Anna Dreber and Karin Hederos); and (5) “A Man’s World? The Impact of a Male Dominated Environment on Female Leadership” (with Andreas Born and Eva Ranehill). She presented her research at University of Exeter, Uppsala University and Humboldt University, and arranged a workshop on gender economics in Stockholm.

KATHRIN SCHLAFMANN worked on the revision of her paper (1) “Housing, Mortgages, and

Self Control” and further developed her paper (2) “Overpersistence Bias in Individual Income Expectations and Its Aggregate Implications” (with Filip Rozsygal). She also started a new project called (3) “Heterogeneous Information Choice in General Equilibrium” (with Tobias Broer, Alexandre Kohlhas and Kurt Mitman). She has presented these projects at the NBER Summer Institute, the New York Fed, the Computing in Economics & Finance Conference (CEF) in Milan, the Workshop on Uncertainty, Expectation Formation and Aggregate Implications at the University in Kiel, the Mannheim Workshop in Quantitative Macroeconomics, the E1Macro Workshop at Queen Mary in London, University of Copenhagen and the Women in Macroeconomics and Finance Conference in Cologne.

During the year, JAKOB SVENSSON completed the following projects: (1) “Enrollment without Learning: Teacher Effort, Knowledge, and Skill in Primary Schools in Africa” (with Tessa Bold, Deon Filmer, Gayle Martin, Ezequiel Molina, Brian Stacy and Waly Wane), published in *Journal of Economic Perspectives* 31, 2017; (2) “Incentivizing Safer Sexual Behavior: Evidence from a Lottery Experiment on HIV Prevention” (with Martina Björkman Nyqvist, Lucia Corno and Damien De Walque), published in *American Economic Journal: Applied* 10, 2018; and (3) “Reducing Child Mortality in the Last Mile: Experimental Evidence on Community Health Promoters in Uganda” (with Martina Björkman Nyqvist, Andrea Guariso and David Yanagizawa-Drott), forthcoming in *American Economic Journal: Applied*. He has also worked on the project (4) “The Lost Human Capital: Teacher Knowledge and Student Achievement in Africa (with Tessa Bold, Deon Filmer and Ezequiel Molina) and (5) “Can Competition Reduce Lemons? A Randomized Intervention in the Antimalarial Medicine Market in Uganda” (with Martina Björkman-Nyqvist and David Yanagizawa-Drott). Finally, Jakob 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- tability policy. He completed a first draft of the papers (1) “What Rule for the Fed? Forecast Targeting”; (2) “The Relation between Monetary Policy and Financial-stability Policy”; and (3) “The Future of Monetary Policy and Macroprudential Policy”, which are available on his website, www.larseosvensson.se. The following papers were published or accepted for publication: (1) “Cost-benefit Analysis of Leaning against the Wind”, *Journal of Monetary Economics* 90, 2017; (2) “Leaning against the Wind: Costs and Benefit , Effects on Debt, Leaning in DSGE Models, and a Framework for Comparison of Results”, *International Journal of Central Banking* 13, 2017; and (3) “Monetary Policy and Macroprudential Policy: Different and Separate?”, *Canadian Journal of Economics* 51, 2018.

ROBERT ÖSTLING has worked on several papers using data on Swedish lottery players. The

paper (1) “The Effect of Wealth on Household Labor Supply: Evidence from Swedish Lotteries” (with David Cesarini, Erik Lindqvist and Matthew Notowidigdo) was published in *American Economic Review* 107, 2017 during the academic year. Robert has also worked on finishing two experimental game-theoretical papers and one of these papers was published in *Games and Economic Behavior*. Robert has together with Erik Lindqvist received 4 000 000 SEK in funding from the Ragnar Söderberg Foundation for the research project “Wealth Accumulation over the Life Cycle and between Generations”.



Everyone dressed up for the IIES' first Black Tie Dinner in February 2018.

Articles Published or Accepted in Leading Journals by IIES Permanent Staff 2017/2018

KONRAD BURCHARDI, “Migrants, Ancestors, and Investments”, forthcoming in *Review of Economic Studies* (with Thomas Chaney and Tarek Hassan).

JONATHAN DE QUIDT, “Measuring and Bounding Experimenter Demand”, forthcoming in *American Economic Review* (with Johannes Haushofer and Christopher Roth).

PER KRUSELL, “Gross Worker Flows over the Business Cycle”, *American Economic Review*, 107:11, 2017 (with Toshihiko Mukoyama, Richard Rogerson and Ayşegül Şahin).

ASSAR LINDBECK and MATS PERSSON, “Social Norms in Social Insurance”, *Journal of Political Economy* 126(S1), 2018.

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

PETER NILSSON, “The Optimal Timing of Unemployment Benefits: Theory and Evidence on Sweden”, *American Economic Review*, 108:4-5, 2018 (with Jonas Kolsrud, Camille Landais and Johannes Spinnewijn).

TORSTEN PERSSON, “Gender Quotas and the Crisis of the Mediocre Man: Theory and Evidence from Sweden”, *American Economic Review*, 107:8, 2017 (with Timothy Besley, Olle Folke and Johanna Rickne).

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

ROBERT ÖSTLING, “The Effect of Wealth on Individual and Household Labor Supply: Evidence from Swedish Lotteries”, *American Economic Review*, 107:12, 2017 (with David Cesarini, Erik Lindqvist and Matt Notowidigdo).

Visiting Fellows 2017/2018

RUIXUE JIA enjoyed revisiting the IIES in the spring of 2018. During her visit, she presented a paper (joint with Ying Bai) on how political hierarchy shapes urban hierarchy over a millennium in China. The constructive comments and warm encouragement remind her of her graduate study days at the Institute. She also enjoyed the lunches with the junior professors and learned a lot from them. To find an excuse for another visit in the future, she started a preliminary project with Torsten Persson and Xueping Sun.

NILS-PETTER “NIPPE” LAGERLÖF visited the IIES from June 20 to July 23, 2018, with interruptions for miscellaneous travels. During this time, he worked on revising “Geography and State Fragmentation,” a project joint with Shuhei Kitamura, who defended his PhD dissertation at the Institute in 2016, and is now at the Osaka School of International Public Policy.

PAULA ROTH spent a few weeks at the IIES during February 2018. She worked on a co-authored paper together with Matilda Kilström on risk-sharing and the role of the welfare state in promoting entrepreneurship. During the visit they managed to improve the paper in several dimensions. She also took the opportunity to learn from seminars and rewarding lunch discussions together with people at the Institute.

MARIAJOSE SILVA VARGAS had an extremely productive and pleasant time during her three-week visit at the IIES in May 2018. Indeed, she visited the Institute to collaborate with three of her co-authors in two different projects. First, with Jonathan de Quidt (IIES) and Gharad Bryan (LSE) on the design of a framed field experiment regarding coordination constraints in complex markets. Second, with Francesco Loiacono (IIES) on their research related to refugees’ economic integration in Uganda. Apart from meeting her brilliant co-authors, she had the pleasure to discuss with researchers at the IIES, at the Department of Economics and at SSE. Luckily enough, she also discovered Stockholm under good weather for the first time

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 2019/2020.

Applicants should have a Ph.D. in economics (or be near completion of the doctorate) and excellence in research is a prerequisite. The position comes with a low teaching load (primarily at the Ph.D. 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 www.econjobmarket.org by November 23, 2018.

Candidates on a shortlist will be interviewed at the ASSA Annual Meetings in Atlanta, January 2019. Other arrangements may be possible for short-listed candidates not based in the U.S. who do not plan to attend these meetings.

For questions, please contact:

Professor Per Krusell
E-mail: per.krusell@iies.su.se

Professor Torsten Persson
E-mail: torsten.persson@iies.su.se

Teaching 2017/2018

INGVILD ALMÅS taught the PhD level courses “Behavioral Economics” (with Jonathan de Quidt and Robert Östling), “Development Economics I” (with Tessa Bold, Konrad Burchardi, Andreas Madestam, Martina Björkman Nyqvist, Jonathan de Quidt and Anna Tompsett), “Development Economics II” (with Tessa Bold, Konrad Burchardi, Andreas Madestam, Jakob Svensson and Anna Tompsett), and “Applied Empirical Economics II” (with Tessa Bold, Konrad Burchardi and Jonathan de Quidt).

TESSA BOLD taught the PhD level courses “Applied Empirical Economics II” as well as the courses in “Development Economics”. She also taught “Mathematics II” and “Mathematics III” in the first year PhD programme. She supervised Monir Elias Bounadi and Susanna Lorentz for their master’s theses.

TIMO BOPPART taught “Macroeconomics I” (with Alexandre Kohlhas) at the PhD level in the spring of 2018.

KONRAD BURCHARDI taught the undergraduate course “Intermediate Development Economics”, and jointly taught five PhD level courses: “Development Economics I”, “Development Economics II”, “Applied Empirical Economics I”, “Applied Empirical Economics II”, and “Econometrics II”.

TOBIAS BROER’s planned courses on “Behavioral Macroeconomics” and “Applied Macroeconomic Research” did not take place due to lack of student interest. Tobias continued to take part in the supervision of master’s theses at the Department of Economics at Stockholm University.

LARS CALMFORS taught the master’s course “Labor Economics and Wage-setting Theory” in the spring of 2018.

JONATHAN DE QUIDT taught the PhD courses “Behavioral Economics I” (with Robert Östling and Ingvild Almås), “Experimental Methods” (with Ingvild Almås, Konrad Burchardi, Tessa Bold and Robert Östling), and “Development Economics I” (with Ingvild Almås, Tessa Bold, Konrad Burchardi, Andreas Madestam, Martina Björkman Nyqvist and Anna Tompsett).

JOHN HASSLER taught an undergraduate course in macroeconomics at Stockholm University. He also taught parts of the master’s course “The Climate and the Economy” and the PhD level course “Macroeconomics II”. He also taught a PhD level course in macroeconomics

in Gothenburg. Together with Per Krusell he taught courses in macroeconomics at the Ministry of Finance and the National Institute for Economic Research (KI).

ALEXANDRE KOHLHAS taught two courses at the PhD level: “Mathematics III” (with Tessa Bold) in the fall of 2017 and “Macroeconomics I” (with Timo Boppart) in the spring of 2018.

PER KRUSELL taught graduate courses at Stockholm University and elsewhere: “Labor-market Macroeconomics (with Johanna Wallenius) in the spring of 2018 and “Applied Macroeconomic Research” (with Tobias Broer, Kurt Mitman and Kathrin Schlafmann) in the fall term at Stockholm University, as well as “Macro I” (first year) at London School of Economics and a short course in climate and economics at University of Pennsylvania. Per also taught the master’s course “The Climate and the Economy” (with John Hassler and Conny Olovsson) in the spring term at Stockholm University.

ARASH NEKOEI designed a new second year PhD course, “Labor Economics I”. He also taught part of the PhD level courses “Labor II” and “Econometrics II”.

PETER NILSSON taught the master’s course “Policy Analysis in Labor Economics” (with Arash Nekoei and David Seim) in the fall of 2017, and the PhD level course “Econometrics II” (with Konrad Buchardi and Arash Nekoei) in the spring of 2018. He supervised one master student.

KURT MITMAN taught the PhD level courses “Quantitative Macro Methods” (with Kathrin Schlafmann), and “Applied Macro Research” (with Per Krusell, Tobias Broer and Kathrin Schlafmann).

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

ANNA SANDBERG taught an undergraduate course in introductory labor economics at Stockholm University (with Karin Hederos and Emma von Essen).

JAKOB SVENSSON taught the master’s course in “Development Economics” and jointly taught the PhD level courses in “Development Economics”, all in the fall term of 2017.

KATHRIN SCHLAFMANN taught the second year PhD courses “Quantitative Macroeconomic Methods” (with Kurt Mitman) and “Applied Macroeconomic Research” (with Tobias Broer, Per Krusell and Kurt Mitman) in the fall of 2017.

ROBERT ÖSTLING taught the undergraduate course in applied game theory called “Economic Strategic Thinking”. He has also taught the graduate course “Behavioral Economics” together with several other researchers at the Institute.



IIES staff playing football at the weekly practice.

Extramural Activities

KONRAD BURCHARDI served as Associate Editor of *Journal of Development Economics*, Associate Editor of *Economica*, and was appointed Associate Editor of *Scandinavian Journal of Economics*.

TOBIAS BROER continued his work as a consultant at the Swedish Riksbank's research department.

LARS CALMFORS served as the Chair of Arbetsmarknadsekonomiska rådet (the Swedish Labour Policy Council), as a member of the Advisory Council (insynsrådet) at *Sieps* (the Swedish Institute of European Policy Studies), as a member of the Government Commission on Employment in Norway (Sysselsettningsutvalget) and as a scientific advisor to Fores (Forum for Reforms, Entrepreneurship and Sustainability). He also wrote regular columns for *Dagens Nyheter* (the leading Swedish morning daily). In addition he served as a scientific consultant to *Dagens Nyheter* before the 2018 parliamentary election and in that capacity reviewed a large number of articles about various policy issues. Lars also gave around 30 public speeches on various economic policy issues for different audiences (including ministries, government authorities, trade unions, employers' associations and think tanks).

HARRY FLAM served as 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. He was a co-organizer of the Nobel Symposium on Finance and Macro. He is associate editor of *Macroeconomic Dynamics* and *Scandinavian Journal of Economics*. He is also a member of the scientific committee at the Swedish National Audit Office (Riksrevisionen) and at the think tank Fores. Together with Hans-Werner Sinn he wrote an op-ed at DN Debatt on Brexit and one in *Dagens Industri* on the slow GDP per capita growth. He participated in a number of public events at e.g., SNS, TCO, ESO, Parliament, Nationalekonomiska Föreningen and in Almedalen.

PER KRUSELL served on several Scientific Advisory Boards, on the senior grant evaluation panel of the European Research Council, and on the prize committee for 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. He also served on the advisor team for Karl Harmenberg,

Saman Darougheh, Magnus Åhl, Richard Foltyn, José Gallegos, Jonna Olsson, Matilda Kilstrom, Karin Kinnerud, John Kramer and Kasper Kragh-Sorensen at the IIES, and Ricardo Lima, Markus Peters 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 Advanced Research). Persson was a member of the Nobel Foundation's Program Committee, of the Tenure Committee at Bocconi University, and the Board of ENTER (a collaboration between some of the best PhD training programs in Europe).

ANNA SANDBERG gave popular science talks about gender equality at SNS (Center for Business and Policy Studies), KPMG, Advokatsamfundet (the Swedish Bar Association), and Web Guide Partner. She also appeared several times on Swedish television, commenting on the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel (Channel 1, "Nobelstudion") and discussing gender roles in Swedish society (Channel 5, "Breaking News with Filip & Fredrik"). In addition, she served as an accountant for the organization "Forum för Feministisk Forskning".

JAKOB SVENSSON served as a member of the prize committee for the Sveriges Riksbank Prize in Economic Sciences in Memory of Alfred Nobel, as chairman of the Association of Swedish Development Economists (ASWEDE), and as a Lead Academic for the International Growth Center (IGC) Uganda.

LARS E.O. SVENSSON gave several speeches, guest lectures, and presentations at conferences, research institutions, and policy authorities during the year; see the sections "New" and "Practical Monetary Policy" on his website, www.larseosvensson.se. He also published blog posts on his website and on the Swedish blog Ekonomistas, www.ekonomistas.se.

ROBERT ÖSTLING continued to serve on the Swedish Consumer Agency's scientific advisory board. Robert has also continued to write blog posts about economics and economic policy for the Swedish blog Ekonomistas. The blog was awarded the prize "Swede of the Year 2017" in the "economics" subcategory by the magazine *Fokus*. Robert has also written articles for the magazine *Kvartal* and has been appointed a member of *Kvartal's* editorial advisory board. He is also responsible for the policy seminar in collaboration with SNS, the SNS/IIES International Policy Talks.

Completed Theses 2017/2018

In June 2018, SIRUS HAFSTRÖM DEHDARI successfully defended his thesis *Radical Right, Identity, and Retaliation*. The thesis consists of three essays in political economics and behavioral economics. The first chapter, “Economic Distress and Support for Far-right Parties – Evidence from Sweden”, studies the relationship between economic factors and support for far-right parties, using the increase in vote shares for the Swedish anti-immigration party the Sweden Democrats following the financial crisis. It shows that only economic distress among low-skilled native-born workers has a positive effect on support for the Sweden Democrats, and that this effect is larger in areas with a high share of low-skilled immigrants. The opposite is true for areas with a high share of high-skilled immigrants. The second chapter, “The Origins of Common Identity: Division, Homogenization Policies and Identity Formation in Alsace-Lorraine” (with Kai Gehring), studies the effect of nation-building through homogenization policies on regional identity. The authors show that the division of Alsace and Lorraine in France had long-term persistent effects on regional identity in the formerly annexed part. The exposure to repressive homogenization policies strengthened regional attachment in the areas that were annexed by the German Empire in the late 19th century. In the last chapter, “Gender Differences in Revenge and Strategic Play: A Natural



Colleagues, family and friends join to toast the successful thesis defense of Sirus Dehdari in June 2018.

Experiment” (with Emma Heikensten and Siri Isaksson), gender differences in retaliatory behavior are examined. Using data from a high-stake quiz-based game show broadcasted on TV in Sweden, the authors show that women are 23 percent less likely to retaliate than men following an attack. The gender of the target matters for women but not for men, with women being more likely to retaliate against men than women.

In June 2018, KARL HARMENBERG defended his doctoral thesis *Essays on Income Risk and Inequality*, consisting of four essays. The first chapter, “Consumption Dynamics under Time-varying Unemployment Risk” studies how consumption expenditures are affected by changes in unemployment risk. Using Italian survey data, the chapter documents that household durable expenditures react strongly to unemployment risk, while the effect on nondurable expenditures is indistinguishable from zero. A model that includes adjustment frictions for durable goods reproduces the empirical results well. In the model framework, both fiscal and monetary policy are less effective in recessions. The second chapter, “The Labor-market Origins of Cyclical Income Risk”, studies the labor-market mechanisms generating fluctuations in income risk, captured by skewness of the income growth distribution. The chapter documents a close empirical relationship between mean income growth and the skewness of income growth. A conventional job-ladder model of the labor market not only qualitatively but also quantitatively generates the documented relationships. The third chapter, “A Pareto-distribution Perspective on Top-income Gender Disparities”, decomposes top-income gender differences into a top-income gender gap and a glass ceiling. The gender gap has been slowly but steadily decreasing in Denmark 1980-2013 but the glass ceiling has been stable since the early 1990s. The fourth chapter, “A Note: The Effect of Assortative Mating on Income Inequality”, shows that marital sorting has a very small effect on household income inequality.

MATHIAS IWANOWSKY successfully defended his thesis *Essays in Development and Political Economics* in June 2018. The thesis consists of three self-contained essays around central questions in development and political economics. In his first paper, “Property Rights, Resources, and Wealth”, he compares the effectiveness of alternative property rights regimes to overcome the “Tragedy of the Commons”, the erosion of land quality due to overuse. In his second paper, “State Repression, Exit, and Voice”, he investigates whether state repression is an effective strategy for silencing dissent and changing political beliefs in developing countries. In his last chapter “The Effect of Migration and Ethnicity on African Economic Development” he asks whether migration in developing countries has large economic impacts on cross-border tradeflows.

In September 2017, NATHANIEL LANE successfully defended his thesis *States of Development: Essays on the Political Economy of Development in Asia*, consisting of three essays. In the first

chapter, “Manufacturing Revolutions - Industrial Policy and Networks in South Korea”, he uses a historic big push intervention and newly digitized data from South Korea to study the effects of industrial policy on industrial development. In 1973 South Korea transitioned to a military dictatorship and drastically changed its development strategy. The author finds that industries targeted by the regime’s big push grew significantly more than non-targeted industries along several key dimensions of industrial development. These developmental effects persisted after industrial policies were retrenched. Furthermore, he estimates the spillovers of the industrial policies using exogenous variation in the exposure to the policy across the input-output network. He finds evidence of persistent pecuniary externalities like those posited by big push development theorists. The chapter concludes that South Korea’s controversial industrial policy was successful in producing industrial development, the benefits of which persisted through time and in industries not directly targeted by the policies. The second study, “Waiting for the Great Leap Forward - The Green Revolution and Structural Change in the Philippines”, explores the short- and long-run impacts of the green revolution on structural transformation. The setting is the revolution’s home country: the Philippines. In 1966, the Philippines experienced the widespread introduction of so-called “miracle rice” varieties. The island republic experienced large gains to agricultural productivity as a result. Using a newly constructed panel of Philippine municipalities, the study shows that growth in agricultural productivity led to unexpected patterns of structural transformation. In the short-run, the green revolution translated into labor-absorbing technological change, reallocating labor into HYV-intensive rice economies. However, in the long-run, the rising relative cost of labor meant that rice farms mechanized and displaced the Philippine peasantry into the service sector. The third study, “The Historical State, Local Collective Action, and Economic Development in Vietnam”, examines how the historical state conditions long-run development, using Vietnam as a laboratory. Northern Vietnam was ruled by a strong centralized state in which the village was the fundamental administrative unit. Southern Vietnam was a peripheral tributary of the Khmer (Cambodian) Empire, which followed a patron-client model with weaker, more personalized power relations and no village intermediation. Using a regression discontinuity design across the Dai Viet-Khmer boundary, the study shows that areas historically under a strong state have higher living standards today and better economic outcomes over the past 150 years. Rich historical data document that in villages with a strong historical state, citizens have been better able to organize public goods and redistribution through civil society and local government. This suggests that the strong historical state crowded at village-level collective action and that these norms persisted long after the original state disappeared.

In October 2017, ERIK PRAWITZ defended his thesis *On the Move: Essays on the Economic and Political Development of Sweden*. This thesis consists of four self-contained essays on the economic and political development of Sweden. The first two essays explore how the mass

emigration to the United States in the 19th century affected the locations that the migrants left behind. We find that emigration both substantially increased local demand for political change and led to de facto political change. In particular, emigration increased labor movement involvement and welfare expenditures as well as the likelihood of adopting more inclusive political institutions. Furthermore, in the second essay, we show that emigration caused an increase in technological innovation in sending municipalities as measured by patents. Exploring possible mechanisms, we suggest that increased labor costs, partly due to low-skilled emigration, induced innovation. The third essay studies the construction of the 19th-century Swedish railroad network and estimates its effects on innovation. Estimates show that innovative activities increased substantially in areas traversed by the railroads. The number of active innovators increased and, moreover, they became more productive and started to collaborate along the unfolding railroad network. The last essay studies a more recent government supported housing privatization wave in Sweden, where tenants were allowed to buy their apartments at prices below the market value in the ownership market. While new homeowners instantly and substantially increased their net wealth, they only modestly adjusted their behavior in terms of labor market participation and demographic decision-making.



Karl Harmenberg defended his thesis Essays on Income Risk and Inequality in June 2018. Fatih Guvenen from University of Minnesota was the opponent.

Theses in Progress 2017/2018

The research interests of ANNA AEVARSDOTTIR 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. During her time at the IIES she has been working on a field study that explores the impact, and adoption of, solar power in sub-Saharan Africa resulting in two working papers: “The Impacts of Rural Electrification on Labor Supply, Income and Health: Experimental Evidence with Solar Lamps in Tanzania” and “Solar Energy and Technology Adoption: Experimental Evidence from Tanzania”. In the past year she has also been working on another randomized controlled evaluation, “Improving Learning through Technology: Experimental Evidence from Tanzania”, 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 classroom is quite large.

MATTIAS ALMGREN’s ongoing research primarily focuses on monetary policy. In one ongoing project (with José Gallegos, John Kramer and Ricardo Lima) he investigates whether economies in countries that are part of the euro zone respond differently to monetary policy. He finds that there exist heterogeneities in how countries respond, and in the same project seeks answers to why these heterogeneities exist. In another ongoing project (with John Kramer and Magnus Åhl), Mattias is working on a method for identifying whether there is information about the state of the current and/or future economy imbedded in policy announcements of the Swedish central bank (Riksbanken). The results from this method will be interesting in isolation but will also be used in order to retrieve unbiased estimates of the effects from monetary policy.

The work of SERENA COCCIOLO 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 aims to study: (1) the determinants of participation levels and compositions and their effect on project outcomes; (2) 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); and (3) the long-term sustainability of community-based interventions. In her project “Experience of Inclusive Institutions and the Value of Participation: Experimental Evidence from Bangladesh”, she evaluates whether the experience of inclusive institutions affects how citizens value them. She finds that citizens have a weak preference for taking collective decisions in a participatory way, and these preferences are further reinforced by being previously

exposed to a democratic decision-making process. 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 worked on his thesis on macroeconomics and labor. His research is motivated by two questions: (1) why is unemployment volatile, and (2) what explains heterogeneities in individual unemployment risk? He shows that linkages between industries and occupations help us understand how vulnerable individuals are to occupational mismatch. Individuals that become unemployed during a construction sector recession find jobs faster when they are in occupations that have better-spread linkages across industries. He takes this finding to a quantitative model and explains aggregate unemployment variations across recessions with the composition of occupations that are affected by them.

During this academic year, DIVYA DEV's research has been largely focused on a project on the Tanzanian Civil Service. She has been working alongside researchers at the World Bank to put together one of the largest surveys of managerial level civil servants ever conducted. In doing this she continues to pursue her interests in political economy and the public sector. Alongside this she has continued her research on politics with her project titled "The Impact of Gender Quotas: Has India's Political Reservation System Improved the Representation of Women in Local Government?", which looks at persistent effects of gender quotas in India's rural government system. She is also working on a project with a fellow PhD student at the IIES titled "Nation Building, National Identity and Trust: Evidence from East Africa" which analyzes the impact of Tanzanian nation building activities on citizens' national identity, and trust in formal institutions.

RICHARD FOLTYN continued his work in the field of heterogeneous-agent macroeconomics. In particular, in a project titled "On the Redistributive Effects of Government Bailouts in the Mortgage Market" (joint with Kurt Mitman and Dirk Krueger), he investigated positive and normative implications of bailout guarantees for mortgage lenders. The project attempts to quantify the 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. In a separate project he explores how portfolio choice can be used to explain wealth inequality, a mechanism that so far has been mostly absent in the literature. Recent empirical research based on administrative data has shown that the portfolio composition of wealthy households vastly differs from those of poorer ones, and that there is a substantial return heterogeneity across the wealth distribution. Endogenous heterogeneous returns (for example due

to differences in portfolio composition) could thus be used as an additional mechanism to generate wealth inequality in heterogeneous-agent macro models. Since households choose very similar portfolios with a counterfactually high share of risky assets in standard models, behavioral elements such as biased subjective expectations are added to the framework to generate a higher dispersion in portfolio composition and returns.

JOSÉ-ELÍAS GALLEGOS DAGO worked on the research project “Monetary Policy and the Wealthy Hand-to-Mouth”, together with Mattias Almgren, Ricardo Lima and John Kramer. They study the effects of monetary policy on countries in the Euro area, using a local projections instrumental variables (LPIV) estimation and identify monetary policy shocks with a series constructed from financial derivatives measured at minute frequency. Their research shows that a monetary policy shock has heterogeneous effects on real GDP across countries, both in terms of timing and size. The results are robust to the estimation of impulse responses using a Global VAR identified using the same instrumental variable approach. They find that the effectiveness of monetary policy is closely related to the share of households with low levels of liquid assets: a 10 percentage point increase in the share of hand-to-mouth households is associated with a real GDP response that is stronger by 0.5 percentage points. Upon closer in-



A team is working on building a spaghetti and marshmallow tower at the annual Crayfish party.

spection, they find that the share of wealthy hand-to-mouth households is driving the results.

SELENE GHISOLFI has been working on her thesis and on her main paper: “Contribution Requirements and Redistribution Decisions: Evidence from Bangladesh”. She is on maternity leave from 20 June.

MARKUS KARLMAN spent most of the academic year visiting the Economics Department at Yale University, where he continued working on his thesis. His research uses heterogeneous agent models to explore the role of mortgages and housing in the economy. In the paper “Removing the Mortgage Interest Deductibility: Policies and Welfare Effects” (with Karin Kinnerud and Kasper Kragh-Sørensen), he studies the welfare effects of several policies that remove the mortgage interest deductibility. They conclude that how the policy is designed impacts who benefits and loses from repealing the deductibility. Moreover, they find that more elaborate policies are not necessarily preferred to an unannounced and immediate removal of the mortgage interest deductibility. In a second project with the same co-authors, they investigate how different regulations aimed at reducing household debt affect the distribution of homeownership and debt. They are also interested in seeing how the policies compare in their ability to stabilize the economy in the event of aggregate shocks.

MATILDA KILSTRÖM’s research focuses on household behavior and households’ policy responses in labor and credit markets. During the year she has worked on four projects. The project “Household Debt and Monetary Policy: Revealing the Cash-flow Channel (with Martin Flodén, Jósef Sigurdsson and Roine Vestman) examines the effect of monetary policy on spending in a setting with high household debt and a high prevalence of adjustable-rate mortgages. “Should I Stay or Must I Go? Temporary Refugee Protection and Labor-market Outcomes” (with Birthe Larsen and Elisabet Olme) studies the impact of a Danish reform that prolonged the waiting period until asylum seekers could apply for permanent residency. “Risk-sharing and Entrepreneurship” (with Paula Roth) investigates the role of risk-sharing in facilitating innovation through a theoretical model with an occupational and an effort choice. In “Portfolio and Housing Decisions in the Presence of Intergenerational Links”, she explores the role of parents for the housing market outcomes of children, using a theoretical model to characterize individual behavior and responses to a change in borrowing conditions.

KARIN KINNERUD works on areas within macroeconomics, with a focus on household finance and housing market policies. She spent the year at the Department of Economics at Stanford University, on grants from the Jan Wallander and Tom Hedelius Foundation, and the Sweden-America Foundation. At Stanford Karin took courses in financial and international macroeconomics and worked on three projects. In the paper “Removing the Mortgage Interest Deductibility: Policies and Welfare Effects” (with Markus Karlman and Kasper Kragh-

Sørensen) different reforms for removing the mortgage interest deductibility are studied. Using a life-cycle model with heterogeneous households, in which mortgages are long-term and refinancing is costly, they find that the average welfare effect of immediately removing the deductibility is negative, and that more gradual removal policies do not improve this result. In the project “Macprudential Policies and the Housing Market: Implications for Household Responses to Aggregate Shocks” (with Markus Karlman and Kasper Kragh-Sørensen) the sensitivity of the economy to aggregate shocks is studied under different assumptions for loan-to-value and payment-to-income requirements, mortgage interest deductibility, and property taxes. The project “The Choice of Pension Funds – An Information Experiment” (with Louise Lorentzon) examines why some people choose dominated funds for their retirement savings. Hypotheses regarding search costs, asymmetric information, uncertainty, and financial literacy are tested. The experiment will be conducted in July 2018.

JOHN KRAMER’S main research interests are monetary policy and heterogeneous-agent macroeconomics. He has been working on a research project entitled “Monetary Policy and the Wealthy Hand-to-Mouth”, which aims to quantify the effectiveness of monetary policy across Europe. His research shows that unexpected changes in interest rates by the European Central Bank have different effects across countries within the Eurozone; and that these differences are related to the share of consumers who do not save, but instead consume all their income each month. The findings have implications for how the ECB conducts monetary policy, in order to facilitate European economic integration.

KASPER KRAGH-SØRENSEN does research in the field of macroeconomics. He has spent most of the year working on two papers together with Markus Karlman and Karin Kinnerud. In one of these papers, they study how current households in the U.S. would be affected if the mortgage interest deductibility was to be removed and how the timing of such a policy affects households’ welfare. In their second paper, they study if and how different macroprudential tools that can reduce households’ average debt level affect the way consumption responds to economy-wide shocks.

BENEDETTA LERVA’S interests lie primarily in the area of development economics, and specifically in agriculture and education. Her thesis is currently composed of four chapters. The first is called (1) “Strategic Behavior, Learning, and Technology Adoption” and is currently being implemented in the field in Uganda. It investigates the role of different types of free-riding on technology adoption in agriculture. It does so through a careful measurement of farmers’ valuations of information on new agricultural practices, coupled with a set of belief shocks about the characteristics of the holder of this information. The exogenous variation in valuations generated by the belief shocks can provide information on the sources of free-riding that are most relevant for technology adoption (or lack thereof). The second titled (2) “Educa-

tion 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 third chapter is titled (3) “Moral Hazard: Experimental Evidence from Tenancy Contracts” and is co-authored with Konrad Burchardi, Selim Gulesci and Munshi Sulaiman. Using an experiment that induced a 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 fourth, titled (4) “Credit Constraints and Capital Misallocation in Agriculture: Theory and Evidence from Uganda”, is co-authored with Konrad Burchardi and Jonathan de Quidt, and is 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.

In his main research agenda, JAAKKO MERILÄINEN seeks answers to questions regarding the political economy of elections. What kind of people run for political office, and who gets elected? How do the characteristics of our representatives shape policy outcomes, and why? How do political parties and voters select politicians? Jaakko combines empirical methods with historical and contemporary datasets from developed and developing countries to address these questions. Drawing data from local governments in Finland, his job market paper “Politician Quality, Ideology and Fiscal Policy” explores the connection between the quality of politicians and the quality of economic policies. His work has been recently published or accepted for publication in the *American Political Science Review*, *Quantitative Economics*, *Scandinavian Journal of Economics*, and *Public Choice*.

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 structural transformation. The project focuses on the long-term individual impacts of such interventions. During the academic year Matti also updated and submitted his previous 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 immigrant assimilation. In addition to these papers, Matti has also worked (with Jaakko Meriläinen and Tuomo Virkola) on a project examining the incentives of participating in the Finnish civil war and started a new project studying impacts of settlement patterns on political action. Matti also served as a 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, using heterogeneous-agent models. In one project she has been studying the effects of increased female labor force participation in the U.S. during the post-war period on the economy's response to aggregate shocks. The project seeks to answer if the substantial rise in the number of households with two earners has changed how and how fast the economy recovers after a negative TFP shock. In a project titled "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 in order to fully capture the redistributive effects of hypothetical social security reforms. In another project (with Timo Boppart and Per Krusell) the question is about labor supply in post-war U.S., aggregate and by subgroup. 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 U.S. 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 ac-



Horses grazing close to campus.

counts surprisingly well for the postwar U.S. experience, both for the intensive and extensive labor supply margins and for the very different trends for men compared to women. SREYASHI SEN is writing her thesis in the field of development and growth. She is interested in understanding the causes of low levels of Total Factor Productivity in developing countries with a focus on institutional barriers to firm growth in particular. Why firm productivities are low, and what accounts for their heterogeneity, are questions she wishes to explore. Sreyashi's present research examines if restrictive labor laws in India lead to an inefficient allocation of resources across manufacturing establishments in narrowly defined industries in the country. Exploiting the variation in the state enactment of labor reforms to The Industrial Disputes Act of 1947, she determines if restrictive labor regulations are a significant causal factor leading to the misallocation of resources in manufacturing plants across the country.

JÓSEF SIGURDSSON's research focuses on topics within the fields of macroeconomics and labor economics. During the academic year he worked on three projects. First, he worked on "The Gift of Moving: Intergenerational Consequences of a Mobility Shock" (with Emi Nakamura and Jón Steinsson), which is under revision for *Review of Economic Studies*. In this paper, József and his coauthors exploit a natural experiment – a volcanic eruption, destroying one-third of the houses in an island – to estimate implications of moving costs and the benefits of geographic mobility. József, along with his coauthors, presented this work at several institutions during the year, including e.g. at the AEA meetings in January 2018. In a second ongoing project, "Household Debt and Monetary Policy: Revealing the Cash-flow Channel" (with Martin Flodén, Matilda Kilström and Roine Vestman), he studies the heterogeneous effects of monetary policy on household spending when households hold debt with interest rates directly linked to the monetary policy rate. In his main thesis project, József studies the long-standing question of how responsive workers are to temporary changes in wages.

XUEPING SUN's main research fields are political economy, development economics and applied microeconomics. In the past academic year, she worked on three projects: (1) "The Role of Performance and Political Connection for Firms' Access to Bank Lending in China" (with Yue Tang). In China, the bank lending tilt towards state-owned-enterprise is prominent but causal explanations are scarce. This project uses the reform of bond market deregulation as an exogenous liquidity shock to banks and combines it with the public listed firm financing data and loan data to examine when firms' connected banks have a liquidity shock, to what extent would firms' performance and political connection matter for its credit obtainment. (2) "When Bureaucrats and Citizens Are Equal: The Impact of Eliminating Privileged Medical Care for Bureaucrats on Medical Care Provision". This project aims to examine whether privileged access to medical care by cadres affects public spending on medical care in China. The rolling out of the civil servants' medical care reform during the early 2000s in China and the political cycle turnover make it possible to have an instrumented-DID design. This project

plans to combine a household medical care utilization survey, city government spending data and city governments' politician turnover data to provide an empirical answer. (3) "Measuring Government's Agenda with Government Documents" (with Ruixue Jia and Torsten Persson). When explaining China's development with government behaviors, there have been rich discussions on how career concerns affect policy choice with performance-based promotion as given. But due to the limitation of data, this empirical research has used mostly one-dimension monetary measurement such as economic growth, tax revenue or public spending. This project aims to develop a method for measuring the government's agenda that provides a more direct measurement of policy choice itself, rather than policy outcome, and a multi-dimensional measurement of policy choice.

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 "Diffusion of Ideas and Network Linkages" he studies how firms learn from each other and how technologies diffuse taking into account the network of firm links. In another project, titled "The Rise in the Skill Premium: Accounting for Bargaining Power", he studies what has been driving the increase in income inequality and to what extent this can be explained by technological change. During the fall of 2017 he visited the Economics Department at Stanford University on a grant from the Jan Wallander and Tom Hedelius Foundation.

MAGNUS ÅHL worked on his thesis within macroeconomics, in particular perspectives on monetary policy. In the thesis he tries to answer questions about how monetary policy transmits into the real economy. In the project (1) "Monetary Policy with Incomplete Markets and Rigid Wages" he investigates monetary policy in an environment where market incompleteness causes heterogeneity amongst households while frictions in the labor market and firms' price setting give rise to nominal rigidities - a so-called HANK model. This is an environment suitable to answer numerous questions, such as how the wealth and income distributions are affected by policy and to what extent market incompleteness affects the potency of policy. In another project, (2) "How Big is the Toolbox of a Central Banker? Managing Expectations with Policy-rate Forecasts: Evidence from Sweden" (Sveriges Riksbank Working Paper No. 339), he uses Swedish data to investigate 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. Related to this is a third project on how high-frequency market data can be used to better distinguish between central-bank shocks to monetary policy versus information.

Seminars and Publications

Seminars

Seminars at the IIES usually 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, Arash Nekoei, Kathrin Schlafmann and Robert Östling as well as Ulrika Gålnander (administration) are responsible for all seminars during the academic year.

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

Publications

A list of IIES Seminar Papers can be found on our website with links to PDF versions of each paper.

For the most exhaustive information on the publications of individual IIES researchers, visit their respective personal web pages. Our web also contains a list of previous and recent top publications.

The theses of our PhD students are published in our Monograph Series, a list of which is available via our website along with links to PDF versions of each thesis.



Front Cover: Olle Baertling, Yib, 1971, Oil on canvas.

Back Cover: Skära Villan, built around year 1817, autumn 2018. Photo: Michaela de Verdier.

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