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Research interests

Macroeconomics, Climate Change Economics, Public and Political Economics

References

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Conny Olovsson - Senior Economist, Sveriges Riksbank
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Education

2009–	Ph.D program in Economics, Stockholm University, Sweden Advisor: Professor Per Krusell
2005–2007	MA in Economics, University of Victoria, Canada
2001–2005	BAH Economics and Political Studies, Queen's University, Canada

Teaching experience

2010–Current	TA, Department of Economics, Stockholm University, Climate and the Economy (Master-level), Intermediate Macroeconomics
2005–2007	TA and Lab instructor, Department of Economics, University of Victoria, Mathematics for economists, Microeconomics

Professional experience

2007–2009	Economist, Environment Canada - Modelling and Analysis Group, Government of Canada
2007	Researcher, BC Ministry of Attorney General - Immigration and multiculturalism, Victoria, Canada

Publications

Fiscal Multipliers in the 21st Century (with Pedro Brinca, Hans Holter and Per Krusell)

Published in Journal of Monetary Economics

Fiscal multipliers appear to vary greatly over time and space. Based on VARs for a large number of countries, we document a strong correlation between wealth inequality and the magnitude of fiscal multipliers. In an attempt to account for this finding, we develop a life-cycle, overlapping-generations economy with uninsurable labor market risk. We calibrate our model to match key characteristics of a number of OECD economies, including the distribution of wages and wealth, social security, taxes, and government debt and study how a fiscal multiplier depends on various country characteristics. We find that the fiscal multiplier is highly sensitive to the fraction of the population who face binding credit constraints and also the average wealth level in the economy. These findings together help us generate a cross-country pattern of multipliers that is quite similar to that in the data.

Job Market Paper

Optimal Carbon Taxation and Household Wealth Inequality

Policy makers concerned with setting optimal values for carbon instruments to address climate change externalities often employ integrated assessment models (IAMs). While these models differ on their assumptions of climate damage impacts, discounting and technology, they conform on their assumption of complete markets and a representative household. In the face of global inequality and significant vulnerability of asset poor households, I relax the complete markets assumption and introduce a realistic degree of global household inequality. A simple experiment of introducing a range of global carbon taxes, shows a household's position on the global wealth distribution predicts the identity of their most preferred carbon price. Specifically, poor agents prefer a relatively strong climate change policy. This preference exists even without progressive redistribution of the revenue. However, transfers of the carbon tax revenue is of first order quantitative importance for household policy preference. I find that, parallel to the literature on macroeconomic policy and incomplete markets, the carbon tax can partially fill the role of insurance by reducing the volatility of future welfare.

Works in progress

Immigration and Inequality: Assessing Impacts and Transitions - with Pedro Brinca, Hans Holter and Per Krusell

The recent immigration crisis has brought migration back to the center of the policy debate. There is a vast empirical literature documenting the economic impacts of immigration and suggested channels through which they occur, but little work has been done in a structural framework to assess the quantitative relevance of such channels. In this paper we develop an overlapping generations model with incomplete markets, immigration, skill choice and equilibrium unemployment and analyse the impact of immigration shocks. We aim to shed light upon the channels and effects of migration in wealth inequality, labour market outcomes and skill premium and composition.

Environmental Tax Setting under Electoral Competition

I modify a model of endogenous electoral competition to include an environmental externality linked to the use of an exhaustible resource input. The dynamic strategic distortion associated with "tying the hands" of future regulators leads the incumbent to set an inefficiently low price on emissions. This holds for both stock and flow pollutants, but since the relatively low emissions price promotes early exploitation of the exhaustible resource, the environmental impact of a persistent pollutant is exacerbated. These results provide insight into the potential for commitment issues to pricing carbon emissions when partisan regulators have control over the tax revenue and face regular elections.

Electrification and Political Outcomes: Enlightened voters in Northern India - with Erik Prawitz