



**Stockholm  
University**

## **Department of Economics**



**Current Research 2020**

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# The Department of Economics at Stockholm University

## - A brief early history

Lectures in Economics at Stockholm University (then Stockholm University College) started in 1888 with Johan Leffler, who had obtained his position as lecturer in competition with Knut Wicksell. In 1904, Gustav Cassel became the first professor of economics. Cassel, who had studied mathematics, is known for his development of general equilibrium theory, the most interesting aspect perhaps being a model of proportional growth. During the 1920's, Cassel was one of the most prominent economists in the world, lecturing widely on monetary issues.

Cassel left his chair in 1933 and his pupil Gunnar Myrdal succeeded him. Myrdal's dissertation, *Pricing and Change*, introduced intertemporal planning and risk into price theory. Erik Lindahl, at the time lecturing at the department, is mentioned in the preface for his advice. Lindahl's development of intertemporal and temporary equilibrium theory in the late 1920's was, in turn, influenced by Myrdal's analysis. In 1921, a second chair was created with Gösta Bagge as its first professor. Bagge's early work concerned wage setting under trade unions. As professor he played an important entrepreneurial role, raising funds from the Rockefeller Foundation to a grand empirical investigation of wages and national income in Sweden.

During the 1930's several members of the department were involved in the development of employment theory. Gunnar Myrdal, Gösta Bagge, Alf Johansson and Dag Hammarskjöld contributed to the Unemployment Commission. Erik Lundberg and Ingvar Svennilson defended doctoral dissertations offering important theoretical contributions to the Stockholm School.<sup>1</sup> Lundberg and Svennilson both became influential professors in the department. Erik Lundberg first took up a position at Konjunkturinstitutet (the National Institute of Economic Research) in 1937 and became its head in 1946. He returned to the department as professor in 1946, acting as a full-time professor after 1955. Lundberg's overview of business cycles and stabilization policy from 1953 (*Konjunkturer och ekonomisk politik*, translated into English as *Business Cycles and Economic Policy*, 1957) influenced a generation of students of Keynesian fiscal and monetary policy. The impact of Lundberg's impressive personality was no less important. Ingvar Svennilson was head of Industriens Utredningsinstitut (The Research Institute of Industrial Economics) in 1942-51 and became professor at the department in 1947. In parallel with his professorship, he played an important role in the development of the Swedish government's Långtidsutredningar (Medium Term Surveys).

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<sup>1</sup> The name was coined by Bertil Ohlin in two articles in *Economic Journal*, where he argued that the central themes of Keynes' employment theory had been independently developed by the Swedish economists, most of whom worked in Stockholm.

The development of the department is described in *Från värde till välfärdsteori – national-ekonomi vid Stockholms högskola/Stockholms universitet 1904-2004*, by Svante Nycander together with Jonas Agell, Eskil Wadensjö and Hans Wijkander (SNS Förlag, 2005). The book was presented at a seminar on December 2, 2004, celebrating the 100<sup>th</sup> anniversary of Gustav Cassel's appointment as professor.

Two of the department's alumni have been awarded the Nobel Prize, Gunnar Myrdal (1974) and Bertil Ohlin (1977). One alumnus, Dag Hammarskjöld, served as Secretary-General of the United Nations. Several members of the department have played important roles in Swedish politics: Bertil Ohlin and Gösta Bagge were leaders of political parties, and both Bagge and Ohlin, as well as Karin Kock (acting professor 1938-46) and Gunnar Myrdal, also served as Cabinet Ministers. Kjeld Philip, who was professor at the department in 1949-51, later became Minister of Finance in Denmark. The department's tradition of educating prominent civil servants, politicians and business leaders, as well as academic teachers and researchers, continues strongly to the present time.

## **The Department of Economics today**

Stockholm University offers one of the best environments in Europe for research and education in economics. Economics at Stockholm University, i.e., the Department of Economics, the Institute for International Economic Studies (IIES) and the Swedish Institute for Social Research (SOFI) together, is ranked no. 23 in Europe and no. 1 in Sweden (no. 53 in the world) in the Tilburg University research ranking of Economics Schools (see <https://econtop.uvt.nl/rankinglist.php>). The Department of Economics has 17 full professors, 6 associate professors, and 6 assistant professors and post-doctoral researchers. The graduate students, around 70 in number, have the department, or IIES or SOFI, as their place of work. Our bachelor and master students go on to work as economists in a wide range of fields, in national and international organizations, government, business and finance.

### **Undergraduate studies**

We teach more than 1 000 undergraduate students in Economics; lecturers are the department's faculty together with those from the IIES and SOFI. We have bilateral ERASMUS agreements with close to 20 universities in Europe, and take part in Stockholm University's NORDPLUS and central exchange agreements. Non-European students can apply to study in the department through the Central Level Bilateral Agreements administrated by the Office for International Student Exchange at Stockholm University.

### **Advanced level studies**

The department offers a two-year Master Programme in Economics. The language of study is English and courses start in late August or early September. The programme provides a solid preparation for a career as a professional economist in government, international organizations or business, and also provides a good starting point for doctoral studies. The focus is on the use of theoretical and empirical methods in the analysis of economic problems. Students take second-cycle courses and a selection of third-cycle courses in economics. During the fourth semester students write a 30 HEC master thesis. After having completed the program the student may apply for a Master's Degree in Economics or in Econometrics.

### **Doctoral studies**

The PhD program is organized by the Department of Economics in cooperation with IIES and SOFI. Approximately 10 students are admitted each year to a four-year, full-time program in

English starting in the autumn. The deadline for applications is February 1. The formal requirements are specified on our web page [www.ne.su.se](http://www.ne.su.se)

The first year of the program consists of courses in mathematics, econometrics, microeconomics and macroeconomics. The second year consists of elective courses, and the third and fourth years are devoted to dissertation work. The course program is part of the Stockholm Doctoral Program in Economics, Econometrics and Finance (SDPE), organized jointly with the Stockholm School of Economics.

## Research

The research environment in the department can be described in terms of two broad fields, with several additional and partially overlapping research areas. A strong focus is labor economics and public economics, and research in this area considers, for example, how social insurance systems affect health and early retirement, how monetary policy should be designed in a globalized world, and the effect of education policies. Another strong research area is international economics. Within this field we study how industry location is affected by different types of regulations and economic policies, and the effects of monetary and fiscal policy in small open economies. Other lively areas of research are political economy, empirical macroeconomics, development economics, law and economics, social norms, network theory, game theory, and financial economics.

Research in the department has a strong international focus. It is communicated in international journals with peer review, and many researchers are members of leading research networks like CEPR, IZA and CESifo. We have a number of research collaborations with prominent economists in the world, and visits by as many as thirty international researchers each year. The department is host for the prominent journal *Scandinavian Journal of Economics*.

## Publications in print 2020

### Lennart Erixon

“Att legitimera en ny ekonomisk politik. Den nationalekonomiska svartmålningen av svensk ekonomi under 1970- och 1980-talen” (“To Legitimize a New Economic Policy. The Blackpainting of the Swedish Economy in the 1970s and 1980s”), in Lars Ekdahl et al. (eds.) *Politik och marknad. Kritiska studier av kapitalismens utveckling*, Dialogos, Stockholm, 2020

### Rikard Forslid

1. Border Carbon Adjustments and Climate Clubs - In the EU context, *ELF*, December 2020.
2. “Quarantine: When and How Long?” (with Mathias Herzing), *CEPR Covid Economics Review*, Issue 15, 7 May 2020.

This paper analyzes the epidemiological and economic effects of quarantines. We use a basic epidemiologic model, a SEIR-model, that is calibrated to roughly resemble the COVID-19 pandemic, and we assume that individuals that become infected or are isolated on average lose a share of their productivity. An early quarantine will essentially postpone but not alter the course of the infection at a cost that increases in the duration and the extent of the quarantine. A quarantine starting at a later stage of the pandemic reduces the number of infected persons and economic losses, but generates a higher peak level of infectious people. A longer quarantine dampens the peak of the pandemic and reduces deaths, but implies higher economic losses. Both the peak share of infectious individuals and economic losses are U-shaped in relation to the share of the population in quarantine. A quarantine covering a moderate share of the population leads to a lower peak, fewer deaths and lower economic costs, but it implies that the peak of the pandemic occurs earlier.

3. Trade Transportation and the Environment, *Vox CEPR*, 3 April, 2020.

The transport sector is a significant greenhouse-gas emitter. Because international trade in goods requires transportation, it is regarded with some suspicion by the environmentally concerned. However, trade and transportation may actually decrease emissions if production is ‘dirtier’ than transportation. This column uses a new ‘dirtiness index’ to capture how environmentally harmful a firm is and demonstrates how transportation can reduce global emissions if the production of transport services is cleaner than the production it substitutes. The cleaner transportation is relative to other production sectors, the higher the likelihood that transportation could lower emissions.

### Ines Helm

Christina Gathmann, **Ines Helm**, Uta Schönberg, ["Spillover Effects of Mass Layoffs"](#), *Journal of the European Economic Association*, vol. 18, Issue 1, February 2020, pp 427–468.

### **Mathias Herzing**

1. “Quarantine: When and How Long?”, *CEPR Covid Economics Review* 15, 159-183, May 2020, with Rikard Forslid.

This paper analyzes the epidemiological and economic effects of quarantines. For quarantines at later stages of the pandemic there is a trade-off between lowering the peak level of infectious people and minimizing fatalities and economic losses. A longer quarantine dampens the peak level of infectious people and also reduces the total number of infected persons but increases economic losses. Both the peak level of infectious individuals and the total share of the population that will have been infected are U-shaped in relation to the share of the population in quarantine, while economic costs increase in this share.

2. “The equilibrium compliance rate among regulated firms”, *International Review of Law and Economics* 63, September 2020, 105911, with Jonas Häckner.

This study develops a framework for the strategic interaction of firms that have to decide between adhering to and violating legislation. Depending on how deterring enforcement is various degrees of compliance with the law will arise in equilibrium. For an agency that targets a certain compliance rate more resources per firm should be allocated to industries with strong demand and high costs for adhering to legislation. Whenever some degree of non-compliance among competing firms can be expected, more inspection resources are needed in markets where products are highly differentiated and/or the number of firms is small.

### **Jonas Häckner**

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### **Paul Klein**

“Residence- and source-based capital taxation in open economies with infinitely-lived consumers” (with Till Gross and Miltos Makris), *Journal of International Economics* 127, November 2020.

In this paper we investigate tax competition in a neoclassical growth model where each country may use both residence- and source-based capital taxes. We show that both types of capital taxes are zero at any interior steady state, just as in a closed economy. For symmetric countries, and even for countries that differ only with respect to size and productivity, we prove analytically and verify numerically that the open-economy policies coincide exactly with the closed-economy policies in all time periods. For countries that are asymmetric in other dimensions, we find that source-based taxes are used to manipulate the intertemporal terms

of trade in the short run. Either way, the fiscal externalities of source-based taxes vanish once residence-based taxes are allowed.

### **Andreas Madestam**

“Loan Contract Structure and Adverse Selection: Survey Evidence from Uganda”, with C. Ahlin, S. Gulesci, and M. Stryjan, *Journal of Economic Behavior & Organization*, 2020, 172,180-195

While adverse selection is an important theoretical explanation for credit rationing it is difficult to quantify empirically. Many studies measure the elasticity of credit demand of existing or previous borrowers as opposed to the population at large; other studies use cross-sectional approaches that may confound borrower risk with other factors. We circumvent both issues by surveying a representative sample of microenterprises in urban Uganda and by measuring their responses to multiple hypothetical contract offers, varying in interest rates and collateral requirements. The two seminal theories on selection provide contradicting predictions following a change in the contractual terms. Under adverse selection, a lower interest rate or a lower collateral obligation should increase take up among less risky borrowers. By contrast, advantageous selection implies that take up should increase among the riskier borrowers. We test these two predictions by examining if firm owners respond to changes in the interest rate or the collateral requirement and whether higher take up varies by firms’ risk type. We find support for the presence of adverse selection as contracts with lower interest rates or lower collateral obligations increase hypothetical demand – especially for less risky firms. Our results imply that changes to the standard loan product available to microenterprises may have substantial effects on credit demand.

### **Ferenc Szucs**

Adam Szeidl and **Ferenc Szucs**, ["Media Capture through Favor Exchange"](#), *Econometrica*, July 2020.

### **Claes-Henric Siven**

“Bent Hansen’s Theory of Inflation 1951”, *The European Journal of the History of Economic Thought*, DOI: 10.1080/09672567.2020.1805484

Bent Hansen’s analysis of repressed and open inflation was to some extent based on microeconomics, he analyzed the interaction between wage and price inflation and discussed economic policy problems when there were goals in addition to that of curbing inflation. Hansen was influenced by Erik Lindahl who, like the other members of the Stockholm School was critical to the quantity theory of money. Hansen’s book contains early analyses of spill-over effects and building blocks of the supply multiplier.

## Forthcoming publications including online versions of forthcoming articles

### Mahmood Arai

Ethnic Stereotypes and Entry into Labor Market Programs, *Industrial and Labor Relations Review*.

### Lennart Erixon

“The Stockholm School in a New Age – Erik Lundberg’s Changing Views of the Rehn-Meidner Model”, *European Journal of the History of Economic Thought*, <https://doi.org/10.1080/09672567.2020.1819361>

### Rikard Forslid

Brexit - balancing trade and mobility? (with S. Nyberg), *Scandinavian Journal of Economics*.

### Mathias Herzing

“Multiple equilibria in the context of inspection probabilities depending on firms’ relative emissions”, *Resource and Energy Economics* 63, February 2021, 101204.

This paper presents a model of environmental regulations with firms that are heterogeneous with respect to the cost for reducing emissions to the legally permitted level. The likelihood of being punished for violations is endogenously determined and multiple equilibria may therefore arise. Hence, both good outcomes with high compliance rates and bad outcomes with many violations are possible. Multiple equilibria are most likely to emerge at intermediate levels of deterrence and at low permitted emission levels. However, it is generally not straightforward how stricter legislation impacts on equilibrium outcomes, indicating that behavioral expectations among regulated firms are an important factor to consider when adapting enforcement to changes in the law.

### Paul Klein

“Taxation, Expenditures, and the Irish Miracle” (with Gustavo Ventura), forthcoming in the *Journal of Monetary Economics*.

We examine the role of fiscal policy in accounting for the remarkable rise of Ireland from one of Western Europe’s poorest countries to one of its richest in just a few years. We focus on the importance of business tax reform and overall changes in fiscal policy, in conjunction with other factors, which we model as a residual rise in Total Factor Productivity (TFP). We conduct our analysis using a two-sector, small open economy model where production requires

tangible and intangible capital services, and where inflows of capital are limited by a collateral constraint (disciplined to account for the GNP to GDP gap). We find that the much discussed reductions of business taxes played a significant, but secondary, role in the Irish miracle. However, tax reform and other changes strongly reinforce each other. We also find that Ireland's openness to capital movements was crucial: under the same driving forces, a closed economy would have experienced a significantly smaller rise in GDP.

### **Sten Nyberg**

Brexit - balancing trade and mobility? (with R. Forslid), *Scandinavian Journal of Economics*.

### **Mårten Palme**

Adrian Adermon, Mikael Lindahl, and **Mårten Palme**, "[Dynastic Human Capital, Inequality and Intergenerational Mobility](#)", *American Economic Review*.

### **David Seim**

"Risk-based Selection in Unemployment Insurance: Evidence and Implications", with C. Landais, A. Nekoei, P. Nilsson and J. Spinnewijn

### **Claes-Henric Siven**

1. Versaillesfreden, Keynes och den stora depressionen – Skuldproblematiken idag och för hundra år sedan (The Treaty of Versailles and the Great Depression – The Problem of Public Debt Today and One Hundred Years Ago). Forthcoming in *Ekonomisk Debatt*.
2. Assar Lindbeck som penningteoretiker – doktorsavhandlingen 1963 (Assar Lindbeck as a Monetary Theorist – The Dissertation 1963). With Mars Persson. Forthcoming in *Ekonomisk Debatt*.

### **Peter Thoursie**

"Is Supported Employment Effective for Young Disability Pensioners? Evidence from a Randomized Experiment" (with Mattias Fogelgren, Petra Ornstein and Magnus Rödin), *Journal of Human Resources*

### **Roine Vestman**

1. "Household Debt and Monetary Policy: Revealing the Cash-Flow Channel", *Economic Journal* (with Martin Flodén, Matilda Kilström, and Jósef Sigurdsson).
2. "Attitudes toward Debt and Debt Behavior", *Scandinavian Journal of Economics* (with Johan Almenberg, Annamaria Lusardi, and Jenny Säve-Söderbergh)

**Jonas Vlachos**

1. "Firm and Skills. The Evolution of Worker Sorting" (with Christina Håkanson and Erik Lindqvist", forthcoming *Journal of Human Resources*.
2. ["The effects of school closures on SARS-CoV-2 among parents and teachers"](#) (with Helena B. Svaleryd and Edvin Hertegård), *Proceedings of the National Academy of Sciences of the United States of America (PNAS)*.

**Anders Åkerman**

Anders Åkerman, Edwin Leuven, and Magne Mogstad, ["Information Frictions, Internet, and the Relationship between Distance and Trade"](#), *American Economic Journal: Applied Economics*.

## Unpublished works including working papers

### **Annika Alexius**

Is the Phillips curve dead? International evidence

### **Lennart Erixon**

1. "Sweden: From Export-Led Growth to Credit-Financed Consumption Growth" (with Jonas Pontusson)
2. "Industriavtalet – en preliminär utvärdering" ("The Industrial Agreement – A Preliminary Evaluation"), Department of Economics, Stockholm University

### **Rikard Forslid**

1. Globotics and Development: When Manufacturing is Jobless and Services are Tradable (with Richard Baldwin), NBER Working Paper, no. 26731, 2020.
2. "Whom to Vaccinate First - Some Important Trade-offs", with Mathias Herzing

### **Mathias Herzing**

1. "Monitoring Cartels: An Equilibrium Approach", with Jonas Häckner.
2. "Which Market Conditions Lead to High Innovation Rates?", with Jonas Häckner
3. "Whom to Vaccinate First - Some Important Trade-offs", with Rikard Forslid

### **Jonas Häckner**

1. "Monitoring Cartels: An Equilibrium Approach", with Mathias Herzing
2. "Which Market Conditions Lead to High Innovation Rates?", with Mathias Herzing

### **Adam Jacobsson**

"Enhancing compliance with waste sorting regulation through inspections and motivational interviewing" (with Mathias Herzing, Hans Wickström, Lars Forsberg and Håkan Källmén).

### **Roza Khoban**

1. "The Impact of Trade Liberalization in the Presence of Political Distortions"
2. "Importing Gender Equality"
3. "Demand for Political Change – What Role can Trade Play?"

**Paul Klein**

“Dynamic Capital Tax Competition under the Source Principle” (with Till Gross and Miltos Makris)

**Andreas Madestam**

1. "Children of the Pill: The Effect of Subsidizing Oral Contraceptives on Children's Health and Wellbeing" (with Emilia Simeonova)
2. "Gender Empowerment in 19th Century Sweden: Using Historical Trade Shocks to Assess the Effects of Women’s Economic Empowerment" (with Emilia Simeonova)
3. “Repayment Flexibility and Risk Taking: Experimental Evidence from Credit Contracts” (with Marianna Battaglia and Selim Gulesci)
4. "Shaping the Nation: The Effect of Fourth of July on Political Preferences and Behavior in the US" (with David Yanagizawa-Drott)
5. “State Repression, Exit, and Voice: Living in the Shadow of Cambodia’s Killing Fields” (with Mathias Iwanowsky)
6. "The Social Costs of a Credit Monopoly”
7. "Using Historical Aerial Photography and Machine Learning to Understand Human Development and Global Change" (with Hannah Druckenmiller, Solomon Hsiang, and Anna Tompsett)
8. "Who Benefits from Free Education? Long-Term Evidence from a Policy Experiment in Cambodia" (with Maria Cheung, Mathias Iwanowsky, and Jakob Svensson)

**Miika Päällysaho**

“Family-level stress and children's educational choice: Evidence from parent layoffs” *with Julia Tanndal (Brown)*

**Anna Seim**

1. “Income, Education and Democracy” (with Stephen L. Parente and Luis Felipe Sáenz).  
Revise and resubmit, *Journal of Economic Growth*.
2. “Institutions, Technological Diffusion and Economic Performance: A Latent-Class Approach” (with Chih Ming Tan).

**David Seim**

1. “Bounds on a slope from size restrictions on economic shocks”, with Marco Stenborg Pettersson and Jesse Shapiro.
2. “How does advance layoff notice affect the labor market prospects for workers?”, with Jonas Cederlöf, Peter Fredriksson and Arash Nekoei.

3. "How do inheritances shape wealth inequality? Theory and evidence from Sweden", with Arash Nekoei. Revise and Resubmit at *Review of Economic Studies*.
4. "Income Mobility, Luck/Effort Beliefs, and the Demand for Redistribution: Perceptions and Reality", with Manja Gärtner and Johanna Mollerstrom.
5. "Hysteresis from Employer Subsidies", with Emmanuel Saez and Benjamin Schoefer. Revise and Resubmit at *Journal of Public Economics*.

### **Peter Thoursie**

1. "How Men and Women Move up Job and Career Ladders: Explaining Gender Differences in Wage Trajectories", (with Mary Ann Bronson)
2. "Restricting Residence Permits Short-Run Evidence From A Swedish Reform" (with Niklas Blomqvist and Björn Tyrefors)
3. "Economic incentives, home production and gender identity norms" (with Barbara Petrongolo, Andrea Ichino and Martin Olsson)
4. "The Role of Cultural Transmission and Socialization in Fertility Choices: Evidence from a Policy Experiment" (with Per Pettersson-Lidbom)
5. "Parental Leave and Gender Differences on the Labour Market" (with Per-Anders Edin, Jim Albrecht, and Susan Vroman)
6. "Medium Long-run Effect of Privatization of Vocational Rehabilitation" (with Lisa Laun)
7. "Can Increased Matching Support Improve Labour Market Integration for Immigrants?" (with Erik Jönsson, Petter Helgesson, Petra Ornstein and Magnus Rödin)
8. "Gender Differences in Student Performance Depending on Course Intensity (with Adam Jacobsson and Lars Vahrik)

### **Roine Vestman**

1. "Identifying the Benefits from Home Ownership: A Swedish Experiment", Revise & Resubmit, *American Economic Review* (with Paolo Sodini, Stijn Van Nieuwerburgh, and Ulf von Lilienfeld-Toal)
2. "The Housing Wealth Effect: Quasi-Experimental Evidence"

## Participation in conferences

### **Rikard Forslid**

Nordic International Trade Seminar (NOITS), Oslo, 14-15 May 2020.

### **Roza Khoban**

1. NOITS (The Nordic International Trade Seminars), presented “The Impact of Trade Liberalization in the Presence of Political Distortions”
2. SNS Job Market, presented “The Impact of Trade Liberalization in the Presence of Political Distortions”

### **Andreas Madestam**

*Papers presented:*

“Repayment Flexibility and Risk Taking: Experimental Evidence from Credit Contracts”:

- Institute for International Economic Studies, Stockholm University

- Stockholm Institute of Transition Economics, Stockholm School of Economics

### **David Seim**

Swiss Workshop in Inequality.

### **Roine Vestman**

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

1. CEPR-Euro Area Business Cycle Network Conference on Empirical Advances in Monetary Policy
2. CEPR and Bank of Finland Joint Conference on Monetary Policy Tools
3. Presentation of “The Housing Wealth Effect: Quasi-Experimental Evidence” at CEPR New Consumption Data (Copenhagen University).

## **Seminar presentations**

### **Roza Khoban**

1. University of Bergen
2. Brown Bag, Department of Economics, Stockholm University
3. Brown Bag, IIES, Stockholm University

### **Miika Päällysaho**

May 2020 — Brown Bag seminar (Department of Economics, Stockholm University)

### **David Seim**

University of Lausanne

### **Roine Vestman**

1. Aarhus University
2. CEPR Household Finance online seminar

## Current research projects

### Annika Alexius

1. Pass-through with low global inflation and volatile exchange rates (with Mikaela Holmberg)

Using a Bayesian VAR with time-varying parameters, we find that the average pass-through of exchange rate changes is only 0.036, compared to 0.748 for foreign inflation. Exchange rate pass-through increases with the variance of domestic inflation.

2. Why are real interest rates so low? Evidence from a Bayesian VAR model with sign restrictions

We find that negative business cycle shocks dominate the historical decompositions of the real interest rate with an average effect of -1.26 %. Shocks to savings are not important in any of the specifications.

3. Using single hidden layer feed forward artificial neural networks to improve inflation forecasts (with Per Sefastsson and Ulf Sefastsson)

Relative to previous studies, we use a more advanced network, longer forecasting horizons, and more input variables. For horizons above one year, the superior models use business cycle variables.

### Mahmood Arai

Gender differences in the labor market: A matter of social and economic class. Together with E. Von Essen, M. Lundholm & J. Riberth

We examine to what extent the variation in gender earnings-gap along the wage distribution reflects the within-family differential impact of social-economic background on life-time earnings. As a measure of socio-economic background we focus on accumulated wealth at the death of a cohort of men born during 1910 -1919.

### Lennart Erixon

1. Nordic Growth Models (with Jonas Pontusson)

Some countries do not rely on one component of aggregate demand to drive their growth model. Some are balanced across sectors. What makes balanced growth possible? What are the components of aggregate demand that are being stimulated? Do they differ in kind from other growth models? What are the contours and limits of such a model? Has Sweden turned from an export-led to a finance-led growth strategy?

2. Wage Formation in Sweden 1995-2019

The project pinpoints the determinants of nominal- and real-wage growth in Sweden since the mid-1990s. It focuses on the introduction of a new wage-policy regime at the end of the 1990s, the so-called Industrial Agreement (IA). The project analyzes the importance of the IA for the wage development and also the macroeconomic performance of Sweden.

### **Rikard Forslid**

Globalization, AI and Greenhouse Gas Emissions (Handelsbankens forskningsstiftelser)

Projektet använder detaljerad företagsdata för att svara på fyra bredare frågor kring globaliseringens effekter på utsläppen av växthusgaser. Det första projektet undersöker den kausala effekten av import av insatsvaror på CO<sub>2</sub>-intensiteten i svenska företag. Det andra projektet analyserar transportsektorns roll i utsläpp av växthusgaser. Projektet utvecklar ett index för företags och sektors miljöpåverkan som tar indirekta effekter på andra sektorer i beaktande. I det tredje projektet analyseras vilken roll VD:ar har för företags miljöpåverkan genom att i följande hur VD:ar rör sig mellan företag. Slutligen analyseras hur artificiell intelligens AI påverkar företagens utsläpp och handel.

### **Mathias Herzing**

Welfare Effects of Monitoring Oligopolistic Markets (with Jonas Häckner and Sten Nyberg)

This project, financed by Handelsbanken, focuses on inspections and enforcement in the contexts of environmental, public health safety, tax and competition regulations.

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### **Adam Jacobsson**

1. "Effects of a parallel or sequential course structure on learning outcomes of university undergraduates." (with Peter Skogman Thoursie and Lars Vahtrik).

We investigate the effects of changing the course structure from being parallel into being sequential on differences in learning outcomes of university undergraduates.

2. "Factors Influencing Journalism Performance in Developing and Transitional Countries" (with Lee B. Becker, C. Ann Hollifield, Eva-Maria Jacobsson and Tudor Vlad).

The primary focus of the project is to analyze theoretically and empirically how media market concentration affects media performance in emerging media markets.

## **Paul Klein**

1. Risk sharing in Sweden 1968-2014 (with David Domeij).

The purpose of this project is (a) to document the extent to which taxes and transfers have cushioned people against idiosyncratic shocks to earnings, with particular emphasis on comparing and contrasting the recent (post 2008) rise in earnings inequality with earlier episodes, especially the recession in the 1990s and (b) to use economic theory to measure the welfare effects of actual and potential policies in a stylized version of the economy whose evolution we document.

2. Optimal taxation in the Romer (1990) model (with Till Gross).

We explore the implications of optimal policy in the context of a model of endogenous technical change along the lines of Romer (1990) model. We modify the model in various dimensions to enhance both realism and tractability and we characterize the conditions under which innovative activity should be taxed or subsidized.

## **Andreas Madestam**

1. "A new approach to measuring the wealth of nations: understanding long-run economic growth using historical aerial photographs" (with Solomon Hsiang and Anna Tompsett)
2. "60 years of global environmental change 1939-1999: digitization of 1.6 million historical aerial photographs" (with Solomon Hsiang and Anna Tompsett)
3. "Income, Women's Wellbeing, and the Fertility Transition: Evidence from Trade Shocks in 19th Century Sweden" (with Emilia Simeonova)
4. "Inside the Production Function: The Effect of Financial Contracts on Growing Firms' Technology Use. Evidence from a Randomized Experiment in Uganda" (with Selim Gulesci, Francesco Loiacono, and Miri Stryjan)
5. "Measuring the persistence, memory, and salience of state repression" (with Mathias Buhler)
6. "Economic success through salvation? Experimental evidence from the evangelical movement" (with Francesco Loiacono and Jakob Svensson)
7. "Racial bias and peer effects at the police academy. Experimental evidence from Sweden" (with Jenny Madestam)
8. "The effect of financial development and globalization on innovation. Historical evidence from Sweden" (with Jon Olofsson and Björn Tyrefors)
9. "Closing the gender gap in agriculture: experimental evidence from Uganda" (with Selim Gulesci and Munshi Sulaiman)
10. "Globalization and health" (with Emilia Simeonova and Anders Åkerman)
11. "The causal effect of tracking on educational and labor market outcomes. Evidence from Sweden" (with Dany Kessel and Björn Tyrefors)

**Miika Päällysaho**

“Supply and Demand Factors in the Evolution of Cognitive Skills: Evidence from Sweden”  
with *Santiago Hermo (Brown)*, *David Seim (SU)*, and *Jesse Shapiro (Brown)*

“Family-level stress and children's educational choice: Evidence from parent layoffs” with  
*Julia Tanndal (Brown)*

**Sten Nyberg**

Welfare Effects of Monitoring Oligopolistic Markets (with Mathias Herzing and Jonas Häckner)

This project, financed by Handelsbanken, focuses on inspections and enforcement in the contexts of environmental, public health safety, tax and competition regulations.

**Anna Seim**

1. “Exchange-Rate Cyclicalities and Country Size” (with Anders Akerman and Mohammadreza Farajpour Bibalan)

We study the relationship between exchange rates and financial-market developments over the business cycle, and assess whether there are heterogeneous effects in this regard, with respect to e.g. country size.

2. "Systemic Risk and Contagion in the Swedish Financial System" (with Marianna Blix Grimaldi)

The aim of this project is to document interlinkages in the network of Swedish banks and financial institutions. We seek to model potential contagion, quantify systemic risk following different types of shocks, and identify policy implications with regard to resolution measures and regulation.

3. “Wages and Hours Worked under Collective Bargaining” (with Lars Calmfors)

We explore whether the high degree of collective bargaining in Europe, may help explain why Europeans work so little. We develop a general-equilibrium model of the joint determination of wages and hours under collective bargaining, and consider the effects of changes in bargaining structure and various shocks on wages, hours worked and employment.

**Peter Thoursie**

*Projekt 1: Matchning baserat på informella kompetenser.* I detta delprojekt undersöks om matchning på informella kompetenser kan göra att nyanlända matchas effektivare och ökar chanser till arbete.

*Projekt 2: Effekter av tillfälliga uppehållstillstånd.* I detta projekt utvärderar vi arbetsmarknads- och hälsoeffekter av att få ett tillfälligt istället för ett permanent uppehållstillstånd.

*Projekt 3: Effekter av asylprocessens längd.* Syftet med detta delprojekt är att utvärdera om väntetiden innan man får sitt asylbeslut påverkar arbetsmarknadsintegration och hälsa.

*Projekt 4: Sysselsättningseffekter av supported employment.* I detta projekt utvärderas sysselsättningseffekter av den svenska versionen av supported employment SIUS (*särskilt introduktions- och uppföljningsstöd*).

*Projekt 5: Sysselsättningseffekter av privata rehabiliteringsaktörer.* I detta projekt undersöks om privata aktörer mer effektivt kan rehabilitera långtidssjukskrivna. Kortsiktiga publicerade resultatet visar på avsaknad av skillnader mellan privata och offentliga aktörer när det gäller att få deltagare i arbete (Laun and Skogman Thoursie 2014).

### **Roine Vestman**

“Optimal Defined Contribution Pension Plans: “One-Size Does Not Fit All” (with Kathrin Schlafmann and Ofer Setty)

We build a quantitative model to study the optimal design of a defined contribution pension plan. We find that commonplace designs, with a fixed contribution rate for all individuals at all times, are unnecessarily rigid. We propose a design where the contribution rate is a function of individuals' age, income, and stock market participation status. Compared to a typical rigid rule for the replacement rate, our rule leads to the same average replacement rate but less cross-sectional dispersion. The average welfare gain is three percent.

### **Jonas Vlachos**

1. “Market reforms, school segregation and teachers' work environment”. Funded by Vetenskapsrådet. Studies how market based reforms such as competition, private provision, and results based accountability affects the work environment for teachers.
2. “What’s in education and worker productivity”. Funded by Jan Wallander och Tom Hedelius stiftelse. The project will deepen the understanding of what the firm wage premium consists of and which skills that are valued on the labor market.

## Seminars

### Spring 2020

#### January

- Mon Jan 13 Job Talk: Andreas Haller (Zürich): "Welfare Effects of Pension Reforms".
- Tue Jan 14 Job Talk: Giacomo Magistretti (Northwestern): "Fiscal Sustainability in Aging Economies".
- Wed Jan 15 Job Talk: Stefan Hut (Brown): "Financial Frictions and Firm Labor Adjustments: Evidence from a Retirement Policy".
- Thu Jan 16 Job Talk: Amrita Kulka (Wisconsin): "Sorting into Neighborhoods: The Role of Minimum Lot Sizes".
- Fri Jan 17 Job Talk: Miren Azkarate-Askasua (Toulouse): "The Aggregate Effects of Labor Market Concentration".
- Mon Jan 20 Job Talk: Yue Yu (Columbia): "Land-Use Regulation and Economic Development: Evidence from the Farmland Red Line Policy in China.
- Tue Jan 21 Job Talk: Soyoung Lee (Ohio State): "The Macroeconomic Effects of Debt Relief Policies during Recessions".
- Wed Jan 22 Job Talk: Laia Navarro-Sola (Northwestern): "Secondary School Expansion through Televised Lessons: The Labor Market Returns of the Mexican Telesecundaria".
- Fri Jan 24 Job Talk: Horng Chern Wong (Warwick): "Understanding High-Wage and Low-Wage Firms".
- Mon Jan 27 Job Talk: Jay Lee (LSE): "Marriage and Misallocation: Evidence from 70 Years of U.S. History".
- Tue Jan 28 Job Talk: Richard Audoly (UCL): "Firm Dynamics and Random Search over the Business Cycle".
- Thu Jan 30 Job Talk: Gonzalo Paz-Pardo (UCL): "Homeownership and Portfolio Choice over the Generations".

#### February

- Mon Feb 3 Job Talk: Soledad Giardili (Queen Mary): "Single-Sex Primary Schools and Student Achievement: Evidence from Admission Lotteries".
- Wed Feb 19 Final seminar: Niklas Blomqvist (SU).

#### March

- Tue Mar 3 Brown Bag: Andres Barrios Fernandez (VATT): "Siblings' Spillover Effects on College and Major Choice: Evidence from Chile, Croatia and Sweden".
- Thu Mar 5 Guy Michaels (LSE): "Cities and Sea Level".
- Tue Mar 10 Brown Bag: Takanori Adachi (Nagoya): "Multi-Dimensional Pass-Through and Welfare Measures under Imperfect Competition".

- Tue Mar 17 Brown Bag: Rikard Forslid (SU): "Trade, Transportation and the Environment".
- Tue Mar 24 Brown Bag: Roza Khoban (SU): "The Impact of Trade Liberalization in the Presence of Political Distortions".
- Fre Mar 27 Final seminar: Daniel Almén (SU).
- Mon Mar 30 Final seminar: Louise Lorentzon (SU).

#### April

- Thu Apr 16 Paolo Pinotti (Bocconi): "Job Loss, Unemployment Insurance, and Crime in Brazil".

#### May

- Tue May 5 Brown Bag: Ulrika Ahrsjö (SU): "The Evolution of the Gender Wage Gap in Sweden".
- Tue May 12 Brown Bag: Miika Päällysaho: "Parent Layoff and Education Choices". / Nicklas Nordfors (SU): "Pastoralist-farmer conflicts in West Africa".

#### June

- Tue Jun 9 PhD Defense: Niklas Blomqvist (SU): "Essays on Labor Economics, The Role of Government In Labor Supply Choices".
- Tue Jun 9 Brown Bag: Mohammadreza Farajpour (SU): "Saving the World".
- Fri Jun 12 PhD Defense: Daniel Almén (SU): "Societal Impacts of Modern Conscriptation: Human Capital, Social Capital and Criminal Behaviour".
- Mon Jun 15 PhD Defense: Louise Lorentzon (SU): "Empirical Essays on Public Policies: Social Insurances, Safety Nets, and Health Care".

## Autumn 2020

#### September

- Thu Sep 3 Maria Petrova (UPF): "Bombs, Broadcasts and Resistance: Allied Intervention and Domestic Opposition to the Nazi Regime during World War II".
- Tue Sep 15 Brown Bag: Sebastian Seitz (ENTER): "The Consequences of Pay Reporting: Evidence from Austria"
- Thu Sep 17 Matthias Doepke (Northwestern): "This Time It's Different: The Role of Women's Employment in a Pandemic Recession".
- Tue Sep 22 Brown Bag: David Jackson (SU): "Reputation on Networks".
- Thu Sep 24 Sam Bazzi (Boston): "Islam and the State: Religious Education in the Age of Mass Schooling".
- Tue Sep 29 Brown Bag: Xanthi Tsoukli (SDU): "The Return of the King: The Effect of the Civil War in Greece on Female Labor Force Participation".

**October**

- Thu Oct 1 Josef Zweimüller (Zürich): "How Do Family Policies Affect Gender Inequalities in the Labor Market?"
- Tue Oct 6 Brown Bag: Ruijie Tian (Gothenburg): "Emissions Trading Scheme and Directed Technological Change: Evidence from China".
- Tue Oct 13 Job Market Talk: Roza Khoban (SU): "The Impact of Trade Liberalization in the Presence of Political Distortions".
- Thu Oct 15 Ceren Baysan (Essex): "Building Inter-Ethnic Cohesion in Schools: An Intervention on Perspective Taking".
- Tue Oct 20 Job Market Talk: Nanna Fukushima (SU): "The UK Clean Air Act, Black Smoke, and Infant Mortality".
- Thu Oct 22 Imran Rasul (UCL): "Search and Matching in Low-income Labor Markets: Evidence from a Six-Year Field Experiment".

**November**

- Tue Nov 3 Brown Bag: Jonas Gathen (ENTER): "Government jobs for talents, cronies or sale? Estimating latent government worker skills with an application to Indonesia."
- Thu Nov 5 David Berger (Duke): "Mortgage Prepayment and the Path-Dependent Effects of Monetary Policy".
- Thu Nov 12 Krisztina Orbán (NBER, Monash): "The Inception of Capitalism through the Lens of Firms".
- Tue Nov 17 Brown Bag - Tobias Lehmann (Lausanne): "Wage Inequality with Amenities".
- Thu Nov 19 Katrine Løken (NHH): "Consequences of Domestic Violence for Victims and their Families".
- Thu Nov 26 Monica Martinez-Bravo (CEMFI): "In Vaccines We Trust? The Effects of the CIA's Vaccine Ruse on Immunization in Pakistan".

**December**

- Tue Dec 1 Brown Bag: Felix Holub (ENTER): "Gender Gaps and the Role of Bosses".

## Doctoral dissertations<sup>2</sup>

For a list of previous doctoral theses, and for full-text versions, see <http://www.ne.su.se/english/research/publications/doctoral-theses>

### 2020

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|--------------|--|
| May 27       | Has van Vlokhoven (IIES)<br>On the Cost of Capital, Profits and the Diffusion of Ideas                             |
| June 5       | Richard Foltyn (IIES)<br>Essays in Macroeconomics and Household Finance  |
| June 9       | Niklas Blomqvist (DE)<br>Essays on Labor Economics: The Role of Government in Labor Supply Choices                 |
| June 12      | Daniel Almén (DE)<br>Societal Impacts of Modern Conscription: Human Capital, Social Capital and Criminal Behaviour |
| June 15      | Louise Lorentzon (DE)<br>Empirical Essays on Public Policies: Social Insurances, Safety Nets, and Health Care      |
| August 27    | Benedetta Lerva (IIES)<br>Worms, Farms and Schools: Three Essays on Investment Choices in Uganda                   |
| September 10 | Kasper Kragh-Sørensen (IIES)<br>On Housing, Mortgages, and Taxation  |
| September 11 | Markus Karlman (IIES)<br>Essays on Housing: tax treatment, prices, and macroeconomic implications                  |
| September 11 | Karin Kinnerud (IIES)<br>Financial Choice and Public Policy  |

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<sup>2</sup> Department of Economics (DE), Institute for International Economic Studies (IIES), Swedish Institute for Social Research (SOFI).

- October 22 Selene Ghisolfi (IIES)  
Fairness, technology adoption, water sanitation and pandemic control:  
Six essays on four topics in Development Economics
- December 3 Tamara Thornquist (DE)  
Essays in economics: The impact of changes on the labor market induced  
by structural change, the adoption of a new computer-based technology  
and economic slowdowns on family formation, family fertility outcomes  
and new careers
- December 14 Magnus Åhl (IIES)  
Essays on individual-level wage stickiness and forward guidance

## Research Papers in Economics

For the years 1997 – 2019, and for full-text versions, see <http://swopec.hhs.se/sunrpe/>

No 2020:3: Exit, Voice and Political Change: Evidence from Swedish Mass Migration to the United States A Comment – *Per Pettersson-Lidbom*

No 2020:2: Trade, Transportation and the Environment – *Rikard Forslid*

No 2020:1: Is the Phillips curve dead? International evidence – *Annika Alexius, Michael Lundholm and Linnea Nielsen*