

Paula Roth

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Research Institute for Industrial Economics
Box 55665, SE-102 15 Stockholm

Phone: (+46) 70 231 67 49
E-mail: paula.roth@nek.uu.se
Website: <https://sites.google.com/site/pauroth>

Date of birth: February 25, 1987
Citizenship: Swedish

POSITIONS

Postdoc	Research Institute for Industrial Economics (IFN)	June 2020 –
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EDUCATION

PhD student	Uppsala University	Aug 2013 – May 2020
<i>Parental leave 2017 and 2019</i>		
Visiting scholar	New York University	Fall 2015
M.Sc. Economics	Stockholm School of Economics	Aug 2010 – Jan 2013
B. Sc. Economics	Stockholm School of Economics	Aug 2007 – Jun 2010

RESEARCH AREAS

Microeconomics, Public Economics, Income inequality

WORKING PAPERS

“Inequality, Relative Deprivation and Financial Distress – Evidence from Swedish Register Data” Job Market Paper. *Submitted*

Abstract: Several studies have linked rising financial insolvency rates in the Western world to increasing inequality and many argue that this might be explained by individuals' desire to "Keep up with the Joneses". Using unique administrative register data on individual insolvencies in Sweden, I study the relationship between inequality in one's reference group, the income distances relative to peers, and the probability to become insolvent. Identification relies on access to individual panel data, different definitions of reference groups, area fixed effects and a large battery of background characteristics. The results suggest that it is not inequality *per se* that drives insolvency, but instead that it is the relative deprivation with respect to peers in the locality that increases an individual's probability to become insolvent.

“First Impressions Last - Does Inequality Increase Status Consumption and Household Debt?” Joint with Elin Molin.

Abstract: Recent decades have seen a simultaneous increase in income inequality and household debt-to-GDP for low and middle-income households in many countries. Several empirical papers have suggested that income inequality spurs borrowing among non-rich households through their preference to "Keep up with the Joneses". In this paper, we make several contributions. First, we show that standard Keeping up with the Joneses utility functions cannot generate this relationship unless one imposes the assumption that the rich are more impatient than the non-rich. Second, we present an extended version of the Keeping up with the Joneses utility function that generates outcomes that are consistent with data, where the main assumption is that status is built up over the life-cycle.

“Top Incomes and Consumption of the Non-rich - Is there a Swedish trickle-down effect?” Joint with Elin Molin.

Abstract: A recent empirical study by Bertrand and Morse (2016) finds that the surge in US income inequality has led to higher consumption among non-rich households. Their evidence suggest that this is driven by a preference for maintaining status. Sweden is the country within the OECD where

inequality has increased the most during the last decades, but so far no one has investigated if this relationship exist in Sweden. In this paper we use Swedish micro data to show that consumption among non-rich households is positively affected by higher top-incomes at the municipality level. We follow the procedure by Bertrand and Morse (2016) and show that an extension with age-specific reference groups performs better. Neither permanent income, precautionary savings or wealth effects can explain our finding. We provide suggestive evidence that this relationship can be explained by a status-maintaining motive.

“Risk-sharing and Entrepreneurship” Joint with Matilda Kilström.

Abstract: In this paper, we study the role of risk-sharing in facilitating innovation. Studying entrepreneurship and innovation entails modelling an occupational choice and an effort choice. Risk-sharing may increase the number of individuals who become entrepreneurs by limiting the downside risk. The effort of entrepreneurs may, however, be hampered by high risk-sharing if this limits the returns faced by successful entrepreneurs relative to unsuccessful entrepreneurs. We construct a theoretical model where risk-sharing may be private or public, i.e., provided through the welfare state by means of taxation. We show that the level of risk-sharing matters for the characteristics of entrepreneurs. Moreover, high taxes, which imply high equilibrium benefits paid out to unsuccessful entrepreneurs, encourage entrepreneurship but discourage effort.

CURRENT PROJECTS

“Distributional National Accounts in the Welfare State: Sweden, 1930-2016” Joint with Sebastian Escobar, Olle Hammar, Daniel Waldenström and Gabriel Zucman

This paper presents new evidence on the evolution of income and wealth inequality in Sweden since 1930. The basis for the analysis is the distributional national accounts (DINA) methodology and to match individual register data with macroeconomic totals from the national accounts and thereby compute new estimates of pre- and post-tax/transfer distributions of income and wealth in Sweden. The paper makes several contributions to the literature on income and wealth distribution. It is the first paper to apply the recent DINA methodology using full-population administrative registers that cover multi-decadal panels. This allows for an extensive scrutiny of a range of the assumptions and method approaches used in past DINA-studies of, e.g., inequality in the US and France. Furthermore, the paper will be the first one that studies the DINA series for a Scandinavian welfare state, Sweden, over its entire evolution since 1930.

“The Swedish Income Distribution, 1968-2016” Joint with Olle Hammar and Daniel Waldenström

We provide new evidence on income inequality levels and trends in Sweden from 1968 to 2016. By combining data from tax and population registers, we construct a new dataset that includes the distribution of pre-tax total, post-tax disposable, labor and capital incomes for the full Swedish population since 1968. As such, we can also compare income inequality for both individuals and various household concepts. Our estimates extend Statistics Sweden's official inequality series based on full-population registers (2011-) by more than four decades.

TEACHING

2021	Teacher, Labour Economics I (Stockholm University)
2020	Seminar teacher, Principles of Microeconomics (Uppsala University)
2014-2015	Teaching assistant, Intermediate Microeconomics (Uppsala University)

REFeree SERVICE

Labour Economics, Journal of Economic Inequality

SCHOLARSHIPS AND GRANTS

2020 IFAU research stipend, 550,000 SEK
2016 Handelsbanken stipend for research programs for research on over-indebtedness and inequality. 1,145,000 SEK.
2015 Jan Wallanders och Tom Hedelius Stiftelse, 350,000 SEK

PRESENTATIONS AND WORKSHOPS

2020 Virtual EEA, WinE conference, IFN
2018 Växjö University, Swedish House of Finance, Uppsala University

PROFESSIONAL EXPERIENCE

Jan 2013 – Dec 2013 Researcher, *Regeringskansliet*
I was one of three people working on the Swedish Government Official Report on over-indebtedness in Sweden (SOU 2013:78).
Aug 2011 – Jan 2012 Analyst, *Ramböll Management*
Welfare analysis, mainly focused on evaluating the effects of public sector projects within the education and labor market sectors.

PUBLISHED WORK (NON-ACADEMIC)

Jämlikhet och tillväxt., LO (2018). [Equality and growth]
Allt du velat veta men aldrig vågat fråga om Inflation, LO (2014). [Everything you want to know about inflation]
Överskuldssättning i kreditsamhället, SOU 2013:78. [Over-indebtedness in the credit society]

SELECTED OTHER ACTIVITIES

2013 - 2016 Board member, Uppsala Economic Association
2013 – 2018 Board member, Female Economist Network of Stockholm and Uppsala (FENSU)

PROGRAMMING SKILLS

Matlab, Stata, Latex, SPSS, Python.