

Emil Bustos

Personal

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Education

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| Ph.D. in Economics , Stockholm School of Economics Supervisor: Richard Friberg | 2017–2022 |
| Research Visit , Universitat Autònoma de Barcelona | Fall 2021 |
| M.Sc. in Economics , Paris School of Economics | 2015–2017 |
| B.Sc. in Business and Economics , Stockholm School of Economics | 2012–2015 |

Research Fields

Applied Microeconomics, Labor Economics, Corporate Finance

Teaching Assistant, Stockholm School of Economics

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|---|-----------------|
| Advanced Mathematics for Economic Analysis (Master), Mark Voorneveld | Fall 2018, 2019 |
| Global Challenges (Bachelor), Tore Ellingsen | Fall 2020 |
| Mathematics (Bachelor), Håkan Lyckeberg | 2013–2015, 2020 |

Research Assistant

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| Ratio Institute , Patrik Gustavsson Tingvall | Summer 2017 |
| Swedish Agency for Growth Policy Analysis , Patrik Gustavsson Tingvall | Summer 2016 |

Working Papers

The Effect of Centrally Bargained Wages on Firm Growth (Job Market Paper)

Abstract: I study how firms adapt to exogenous changes in labor costs. To identify this effect, I exploit that industries in Sweden have a centrally bargained minimum increase in average wages each year. Since these are bargained on the industry-level, they are detached from the growth prospects of individual firms. Data on centralized wage increases for the years from 2001 to 2006 are combined with administrative panel data on firms. I then compare the growth rates of firms in related industries that face different centralized wage increases, while controlling for differences in growth trends. Higher centralized wage increases cause the average firm to increase sales and employment growth. These effects come from increased investments and hiring. However, there is no effect on profitability. In addition, firms increase their share of skilled labor. Moreover, the effects on employment are larger for large firms. This suggests that higher centralized wage increases also cause a reallocation of labor.

Financial Constraints and Insurance Demand in Small and Medium-Sized Enterprises, with Oliver Engist and Christian Thomann

Abstract: We study the impact of financing constraints on small and medium firms' risk management through insurance using a panel data on 16,000 firms from a large insurance company. We measure financing constraints using credit scores commonly used by banks and other lenders. We combine this data with administrative data on firms. We find that financially constrained firms purchase more insurance. This result is robust even when using other measures of financing constraints. Smaller firms purchase more insurance at the intensive margin. A regression-discontinuity design that isolates financing constraints from other confounding variables supports that financing constraints influence firms' demand for insurance.

The Effect of Financial Constraints on Inventory Holdings

Abstract: Standard finance theory predicts that more financially constrained firms hold larger inventories. I test this prediction using Swedish administrative data and data on credit scores. For identification, I exploit a discontinuity in the translation from continuous to discrete credit scores among Swedish firms. Firms that have a better credit score hold more inventories, both in the cross-section and around the cutoff. However, the regression discontinuity estimate is zero once we scale inventories by assets or sales. This suggests that inventories are determined by operational concerns rather than by financial concerns.

Spillover Effects of Insurance Claims: Evidence From Sweden, with Oliver Engist

Abstract: Many of the consequential risks individuals or firms face have very low probabilities of occurring. It is therefore difficult to accurately judge the risks one is exposed to from experience alone. This leads agents to resort to simple heuristics, such as weighting recent experiences more heavily when assessing risk. Using a unique data set on insurance purchases and insurance claims of 21,000 Swedish firms, we analyze how firms react when a similar firm in their municipality experiences a damage to their property. Our results suggest that firms do not adjust their insurance when other firms have a loss. Moreover, highly salient events do not create significant insurance demand either. This stands in contrast to previous studies, which find that agents increase their insurance after observing natural hazards. Our results are consistent with a theory where firms adequately judge their risk exposure and purchase insurance accordingly.

Works in Progress

Human Capital in Pre-Industrial Times: Evidence from Swedish Church Records, with Erik Lindqvist and Björn Wallace

Summary: Human capital is an important determinant of social and economic outcomes in modern societies. A large literature has documented that human capital is persistent across generations in the postwar era. In contrast, little is known about its transmission in earlier time periods. In this paper, we fill-in some of the blanks by studying a unique, family-linked individual-level dataset on reading skills in 19th century northern Sweden. We use these data to replicate many of the standard analyses in the human capital literature typically performed on modern data.

Non-Business Risk and Firm Growth, with Oliver Engist, Gustav Martinsson and Christian Thomann

Summary: The literature on recovery and creative destruction has analyzed the effects of large events like natural hazards or financial crises. However, large shocks induce significant general equilibrium effects that influence the recovery process of each individual firm. We complement the literature by studying how firms adjust to idiosyncratic shocks in an economy that is in equilibrium. We use a unique data set on the insurance purchases and insurance claims of 22,000 Swedish firms. Because insurance claims are unexpected and exogenous to productivity, we can identify the effect of shocks to physical assets.

The Effects of Neighbourhoods on Income, Education, and Health, with Viking Waldén

Summary: We study the importance of geographical locations in determining social and economic outcomes. This has relevance for improving social mobility and various forms of social housing projects. We use

the quasi-random apartment allocation in the Stockholm housing queue to obtain exogenous variation in people's place of residence. We link this to administrative data on labor market, education and health outcomes, to study the causal effect of the neighborhood.

Publications

Essays on Firms' Hiring, Investment and Risk Management Decisions. Doctoral Dissertation. Stockholm School of Economics.

Money for Nothin' - Digitalization and Fluid Tax Bases (2020), with Mårten Blix. Chapter 8 in Bakardjeva, Engelbrekt, A., Leijon, K., Michalski, A., Oxelheim, L. (ed.) *The European Union and the Technology Shift*. Springer Verlag. Pages 185–209

Flyktiga skattebaser och digitalisering - vad bör EU göra? [In Swedish: Fluid Tax Bases and Digitalization - What Should the EU Do?] (2020), with Mårten Blix. Chapter 7 in Bakardjeva Engelbrekt, A., Michalski, A., Oxelheim, L. (ed.) *EU och teknologiskiftet. Europaperspektiv 2020*. Santerus Förlag: Falun.

Professional Activities

Economics Graduate Student Council, President 2018–2019
Stockholm School of Economics

Presentations

2022: Deutscher Verein für Versicherungswissenschaft, Upplysningscentralen, FI-förbunden (trade unions)

2021: Doctoral Workshop (Ruhr Graduate School of Economics), Mock Job Talk (Aarhus University), SOLE Conference, ARIA Conference, ENTER Mock Job Talk (Aarhus), 10th National PhD Workshop in Finance (ShoF)

2020: PhD Workshop (Ratio), Internal Seminar (LO), 9th National PhD Workshop in Finance (ShoF), Monday Seminar (Universidad Carlos III Madrid), TCO Framtidens arbetsmarknadsforskare, Brown Bag (SSE, Twice), The Stockholm Uppsala Doctoral Students' Workshop in Economics, World Risk and Insurance Conference, Brown Bag (IFN)

2019: Brown Bag (SSE), PhD Student Workshop (SSE), MicroWave PhD Workshop (Stockholm University)

Honors, Awards, & Fellowships

Svenska Handelsbankens doktorandstipendium 2022

Jacob Wallenbergs stiftelse 2021
Data Purchase

Stiftelsen Lars Hiertas Minne 2021
Data Purchase

Jan Wallander and Tom Hedelius Foundation Grant 2019
Visit to University of Chicago (canceled due to Covid)

Other Skills

Computer Skills: L^AT_EX, Microsoft Office, R, Stata

Language Skills: Swedish (native), English (fluent), French (intermediate), Spanish (intermediate)

References

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