

Johannes Matt

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Contact

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Fields of Interest

Finance and Macroeconomics

Education

2026	PhD Economics , London School of Economics
2022	MRes Economics , London School of Economics
2019	BA & MA Economics , University of St. Gallen

References

Philippe Aghion (*chair*)
Centennial Professor of Economics
London School of Economics & INSEAD
Email: philippe.aghion@insead.edu

Dimitri Vayanos (*co-chair*)
Professor of Finance
London School of Economics
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Sir John Hicks Professor of Economics
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Job Market Paper

Financial Regulation, Pension Investment, and Economic Growth

Abstract. *This paper analyses how financial regulation that decreases investors' risk-taking capacity affects economic growth. I collect and digitise a new dataset of stock holdings for a large fraction of the British pension sector. Using a regulatory reform that tightened risk requirements on pension funds as a natural experiment, I estimate the impact of their subsequent divestment from equity markets on firms' investment decisions. I show that firms more exposed to pension investors before the reform saw a fall in stock prices and a rise in risk premia. In response, these firms cut their capital and R&D expenditure, and reduced the fraction of long-term investment. These effects persist almost ten years after the reform. To interpret my findings, I introduce a new growth model that combines Schumpeterian growth with segmented equity markets. A limited number of risk-averse investors holds stocks in incumbent firms. Firms invest in risky projects, generating risk premia on innovation. While tighter regulation raises the risk premium and reduces incumbent R&D, it also influences outsiders' entry decision. When the rise in the risk premium is sufficiently strong, market entry falls. Quantitative simulations suggest that pension schemes' divestment from equities, which was equivalent to approximately 3 percent of market capitalisation, generated a 0.14 percentage-point drop in annual growth.*

Working Papers

- Firm Dynamics and Growth with Soft Budget Constraints, *CEPR Discussion Paper No.19996*, February 2025, (with *P. Aghion, A. Bergeaud and M. Dewatripont*)
- Growth-Neutral Real Interest Rates, December 2024, CFM Working Paper (draft on request)
- Banks, Credit Reallocation, and Creative Destruction, *CEPR Discussion Paper No.17701*, November 2022 (with *C. Keuschnigg and M. Kogler*)

Work in Progress

- Pension Fund Investment in Private Markets: 30 Years of Evidence from the UK
- A Q-Theory of Venture Capital (with *C. Keuschnigg and M. Kogler*)
- Intangible Capital, Leverage Dynamics, and Economic Growth (with *S. Hobler*)
- The Impact of Quantitative Easing on Economic Growth (with *P. Aghion, A. Bergeaud and A. Hubert de Fraisse*)

Academic Experience

2022–	Associate , Centre for Macroeconomics (CfM), London School of Economics
2021–	Teaching Fellow , School of Public Policy, London School of Economics
2023–2024	PhD Internship , Bank of England

Conference and Seminar Presentations

2025	CEP Annual Conference, DIW Berlin, European Finance Association, LSE, National Bank of Belgium, NIESR, Royal Economic Society Annual Conference, Scottish Economic Society Annual Conference
2024	CEPR Emerging Scholars in Corporate Finance Conference at Bayes Business School, Econometric Society Winter Meeting, Imperial College Finance Workshop, LSE, Paris Dauphine Finance Workshop, Scottish Economic Society Annual Conference
2023	Bank of England, LSE-Warwick Firm Dynamics Workshop, LSE

Fellowships, Honours, Awards and Grants

2023–2025	LSE Excellence in Education Award
2022–2026	LSE Department of Economics Scholarship
2021–2026	STICERD Hayek Programme in Economics and Liberal Political Economy
2020–2022	Marco Fanno Scholarship, UniCredit Foundation
2019	Johan Lovens Prize, Stockholm School of Economics
2019	Institute Prize, University of St. Gallen
2019	Walter-Adolf Joehr Prize, University of St. Gallen

Other Professional Activities

Refereeing	Economica
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