

ANIKET BAKSY

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EDUCATION

Ph.D. in Economics, Stanford University,
Expected Completion: June 2023
DISSERTATION: “*Technology Adoption and the Slowdown in Skilled Labor Demand*”

M.Sc. in Economics, London School of Economics and Political Science (U.K.)
September 2015 - June 2017 (Distinction)

B.A. (with Honors) in Economics, St. Stephen’s College, University of Delhi (India)
July 2012 - June 2015 (First Division)

DISSERTATION COMMITTEE

Prof. Patrick Kehoe
Economics Department, Stanford University
(650) 725-3266
pkehoe@stanford.edu

Prof. Nicholas Bloom
Economics Department, Stanford University
(650) 725-7836
nbloom@stanford.edu

Prof. Luigi Bocola
Economics Department, Stanford University
(650) 725-3266
lbocola@stanford.edu

RESEARCH AND TEACHING FIELDS

Primary field: Macroeconomics
Secondary fields: Labor Economics, International Economics

RESEARCH PAPERS

Technology Adoption and the Slowdown in Skilled Labor Demand (Job Market Paper)

Between 1980 and 2000, the skill premium and share of hours worked by skilled workers both rose dramatically, leading economists to conclude that the relative demand for skilled labor rose over this period. A prominent explanation for this increase was a combination of capital-skill complementarity – that capital equipment and skilled labor are better q-complements than capital and unskilled labor – and investment-specific technical change, the large decline in capital equipment prices over this period. However, post 2000, two empirical facts challenge this class of models: a slowdown in growth of the skill premium and a decline in the labor share of income, both inconsistent with the large increase in skilled

labor demand these models predict. I propose a simple story which can reconcile the initial increase in skilled labor demand with the implied slowdown after 2000 via a simple mechanism: as skilled workers become relatively more expensive, it is worthwhile for firms to engage in costly technology adoption allowing them to economize on the use of skilled labor. The model can account endogenously for slowing growth in the skill premium and a stable then declining labor share and the reallocation of value added toward low labor share firms. A counterfactual shutting down endogenous technology adoption over-predicts growth in the skill premium between 1980 and 2019 by about 5 percentage points and growth in the labor share by nearly 12 percentage points. I provide microeconomic evidence for my mechanism by showing that accountants relatively more exposed to the adoption of accounting software saw slower wage and employment growth.

Elections, Political Polarization, and Economic Uncertainty

(with Scott Baker, Nicholas Bloom, Steve Davis and Jonathan Rodden)

We examine patterns of economic policy uncertainty (EPU) around national elections in 23 countries. Uncertainty shows a clear tendency to rise in the months leading up to elections. Average EPU values are 13% higher in the month of and the month prior to an election than in other months of the same national election cycle, conditional on country effects, time effects, and country-specific time trends. In a closer examination of U.S. data, EPU rises by 28% in the month of presidential elections that are close and polarized, as compared to elections that are neither. This pattern suggests that the 2020 US Presidential Election could see a large rise in economic policy uncertainty. It also suggests larger spikes in uncertainty around future elections in other countries that have experienced rising polarization in recent years.

RESEARCH PAPERS IN PROGRESS

Survival of the Unfit? Short-term gains and long-term pains from Zombie lending

(with Martin Souchier)

We study the impacts of “Zombie lending”, the phenomenon where banks continue to lend to insolvent, unprofitable and unproductive firms. We build a quantitative model in which heterogeneous firms finance their operations and investment via retained earnings and bank debt. Banks face *de-jure* constant capital requirements, but have private information on whether a given loan is in default, allowing them to refinance insolvent firms and delay their exit from the economy. We show that following an adverse aggregate productivity shock, banks expand zombie lending and their capital ratios are *de-facto* procyclical. This increase in zombie lending has opposite effects on output and wages in the short-term and long-term. In the short run, the survival of zombie firms directly supports wages, employment and output. The ability to delay the recognition of losses also compresses spreads on loans to productive firms, allowing them to remain larger. In the long run, zombie lending leads to misallocation via the survival of relatively unfit firms and lesser entry due to higher wages. We use the model to study the effects of zombie lending in Europe after the 2008-2009 recession, and to measure the impact of loan subsidies during the COVID pandemic.

POLICY WRITING

Expanding AI Adoption is an opportunity for Job Creation (with Avi Gupta)

Despite great advances in the business applicability of AI technologies, their adoption remains low and concentrated in large firms, with adverse consequences for inequality across firms and workers at those firms. The key adoption costs we identify as responsible for this are high costs of customizing AI to specific business needs and the costs of the complementary data infrastructure. We propose two clusters

of policies to alleviate these challenges. First, we propose public support be targeted at the creation and commercialization of flexible AI-enabled platforms emphasizing usability, such as low/no-code AI platforms. Second, we propose the creation of public data repositories, a clearinghouse-like infrastructure and legal arrangements to facilitate data reuse and improve access to cutting edge pre-trained models and computational infrastructure for all, and the creation of a medium-skilled data curator workforce to complement the work of data science professionals by engaging in data management.

TEACHING EXPERIENCE

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|------------|---|
| 2016-17 | Teaching Assistant, EC210 (Macroeconomic Principles) for Prof. Kevin Sheedy and Prof. Ricardo Reis, LSE |
| 2020 | Teaching Assistant, Econ 125 (Economic Development, Microfinance and Social Networks) for Prof. Arun Chandrasekhar, Stanford University |
| 2020, 2022 | Teaching Assistant, Econ 143 (Finance, Corporations, and Society) for Prof. Anat Admati, Stanford University |
| 2021, 2022 | Teaching Assistant, Econ 52 (Economic Analysis III, Intermediate Macroeconomics) for Prof. Adrien Auclert, Prof. Pete Klenow and Prof. Patrick Kehoe, Stanford University |

RESEARCH POSITIONS

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| 2021-22 | Research Assistant for Prof. Patrick Kehoe, Stanford University. |
| 2020-21 | Research Assistant for Prof. Adrien Auclert, Stanford University. |
| 2019-20 | Research Assistant for Prof. Nicholas Bloom, Stanford University. |
| 2018-19 | Research Assistant for Prof. Luigi Bocola, Stanford University. |
| 2016-17 | Research Assistant, LSE Growth Commission-II (Prof. Gianmarco Ottaviano, Prof. Catherine Thomas, Prof. Veronica Rappoport) |
| 2015-17 | Research Assistant for Prof. Jeremiah Dittmar, LSE |

SCHOLARSHIPS, HONORS AND AWARDS

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| 2022 | Winner, Inaugural Emerging Technology Policy Writing Competition (with Avi Gupta), Stanford Institute for Human-Centered AI |
| 2022 | Outstanding Teaching Assistant Award (Econ 52), Dept of Economics, Stanford. |
| 2022-23 | B.F. Haley and E.S. Shaw Fellowship for Economics, SIEPR ¹ |
| 2020-21 | Patricia Liu McKenna and Kenneth McKenna Graduate Fellowship, SIEPR |
| 2020 | Outstanding Teaching Assistant Award (Econ 125), Dept of Economics, Stanford. |
| 2017-18 | Economics Department Fellowship, Department of Economics, Stanford University. |
| 2016 | Allyn Young Prize, The London School of Economics. |
| 2015-2017 | Inlaks Scholarship, The Inlaks Shivdasani Foundation, for study at LSE. |
| 2015 | George K. George Kollamkulum Scholarship, St. Stephen's College, University of Delhi. |
| 2015 | Rai Sahib Banarsi Das Memorial Price, St. Stephen's College, University of Delhi. |
| 2014 | Gautam Krishna Research Fellowship, St. Stephen's College, University of Delhi. |

¹ Stanford Institute for Economic Policy Research