

Diego R. Känzig

Curriculum vitae

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Address	Northwestern University Department of Economics Kellogg Global Hub, Office 3449 2211 Campus Drive, Evanston IL 60208, United States
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Current appointment

2023 – **Northwestern University**, Department of Economics
Assistant Professor

Other positions

2025 – **Journal of the European Economic Association**
Associate Editor

2023 – **National Bureau of Economic Research**
Faculty Research Fellow

2023 – **Centre for Economic Policy Research**
Research Affiliate

2022 – 2023 **Northwestern University**, Department of Economics
College Fellow

Education

2018 – 2022 **London Business School**, PhD in Economics
Thesis title: “Climate change, inequality and the macroeconomy”
Committee: Paolo Surico, Hélène Rey, Florin Bilbiie, João Cocco
Examiners: Jón Steinsson, Benjamin Moll

2021 **University of Chicago**, Visiting Graduate Student

2016 – 2018 **London Business School**, MRes in Economics

2013 – 2015 **Universities of Bern and Basel**, MSc in International and Monetary Economics
Summa cum laude, GPA 6.00/6

2010 – 2013 **University of Bern**, BSc in Economics
Insigni cum laude, GPA 5.72/6

Teaching and research fields

Primary: Macroeconomics/Macro-Finance

Secondary: Climate and Energy, Inequality, Household Finance

Research

Publications

Climate policy and the economy: Evidence from Europe’s carbon pricing initiatives
(with Maximilian Konradt), *IMF Economic Review*, 2024.

Capital and income inequality: an aggregate-demand complementarity (with Florin Bilbiie and Paolo Surico), *Journal of Monetary Economics*, 126, 2022, 154-169

The macroeconomic effects of oil supply news: Evidence from OPEC announcements, *American Economic Review*, 111(4), 2021, 1092-1125

The distributional impact of the pandemic (with Sinem Hacıoglu and Paolo Surico), *European Economic Review*, 134, 2021, 103680

International inflation spillovers – the role of different shocks (with Gregor Bäurle and Matthias Gubler), *International Journal of Central Banking*, 17(1), 2021, 191-230

Working papers

The unequal economic consequences of carbon pricing, 2023. *Revise & resubmit at American Economic Review*

Abstract: This paper studies how carbon pricing affects emissions, economic aggregates and inequality. Exploiting institutional features of the European carbon market and high-frequency data, I identify a carbon policy shock. I find that a tighter carbon pricing regime leads to a significant increase in energy prices, a persistent fall in emissions and an uptick in green innovation. This comes at the cost of a temporary fall in economic activity, which is not borne equally across society: poorer households lower their consumption significantly while richer households are less affected. Not only are the poor more exposed because of their higher energy share, they also experience a larger fall in their income. These indirect, general-equilibrium effects are quantitatively more important than the direct price effects. A climate-economy model with heterogeneity in households' energy shares, income incidence and marginal propensities to consume is able to account for these facts.

Greed? Profits, inflation, and aggregate demand (with Florin Bilbiie), 2024. *Revise & resubmit at American Economic Journal: Macroeconomics*

Abstract: We investigate whether profits can drive inflation through the interplay of income distribution and aggregate demand—our definition of “greed”—within the New Keynesian framework. We derive an analytical condition for profits to be demand-procyclical and inflationary. When distributional mechanisms are essential, a conundrum emerges: procyclical profits accruing to low-MPC asset-holders imply aggregate dampening and deflation—the opposite of greedflation. Adding capital investment delivers aggregate-demand amplification even under procyclical profits, but the latter are still deflationary. Countercyclical income risk can amplify inflation; yet since this operates through precautionary savings, not profits, it is still inconsistent with the direct “greed” narrative.

The Macroeconomic Impact of Climate Change: Global vs. Local Temperature (with Adrien Bilal), 2024

Abstract: This paper estimates that the macroeconomic damages from climate change are six times larger than previously thought. We exploit natural variability in global temperature and rely on time-series variation. A 1°C increase in global temperature leads to a 12% decline in world GDP. Global temperature shocks correlate much more strongly with extreme climatic events than the country-level temperature shocks commonly used in the panel literature, explaining why our estimate is substantially larger. We use our reduced-form evidence to estimate structural damage functions in a standard neoclassical growth model. Our results imply a Social Cost of Carbon of \$1,056 per ton of carbon dioxide. A business-as-usual warming scenario leads to a present value welfare loss of 31%. Both are multiple orders of magnitude above previous estimates and imply that unilateral decarbonization policy is cost-effective for large countries such as the United States.

Unraveling the Drivers of Energy-saving Technical Change (with Charles Williamson), 2024

Abstract: We explore the increasing divergence between economic growth and energy consumption through energy-saving technical progress. Proposing a new measure of energy-saving technology, we study the underlying drivers in a semi-structural model of the U.S. economy. Our analysis shows that energy price shocks reduce consumption and stimulate energy-saving innovation, but also cause economic downturns and crowd out other innovations. Only energy-saving technology shocks can explain the negative co-movement between output and energy use. These sudden efficiency gains emerge as the primary driver of energy-saving technical change. Our findings highlight the importance of fostering energy-saving innovations in transitioning to a low-carbon economy.

Carbon Leakage to Developing Countries (with Julian Marenz and Marcel Olbert), 2024

Abstract: How do climate policies in developed countries spill over to the developing world? Using a novel dataset that combines multinational firms' subsidiary locations with spatial emission data, we study how the carbon footprint of multinational firms in Africa changes in response to more stringent climate policies in Europe. Exploiting variation in multinationals' exposure to carbon prices across European countries, we find that emissions of their African subsidiaries increase as the multinationals' European operations face higher carbon prices. At the same time, multinationals reduce their domestic investment in Europe while worldwide investment remains unchanged – consistent with the notion that these firms shift some of their operations abroad. We confirm these results at the aggregate level, documenting a significant increase in economic activity and emissions in Africa. Policies to mitigate leakage should thus balance environmental concerns against development and equity considerations.

Work in progress

The macroeconomic effects of climate policy uncertainty (with Costas Gavrilidis, Ramya Raghavan and Jim Stock)

Global supply chain disruptions and their macroeconomic effects (with Ramya Raghavan)

Honors, awards and grants

Research grants

2022	INQUIRE Europe Research Grant, with Max Konradt (€10,000)
2022	Lamfalussy Research Fellowship (€10,000)
2019	Research Grant from the Wheeler Institute for Business and Development (£20,000)

Honors and awards

2023	JEEA Excellence in Refereeing Award
2022	Invitation to Lindau Meeting on Economic Sciences
2022	REStud North America Tour
2022	AQR Top Finance Graduate Award
2021	Winner ECB Young Economist Competition
2021	AQR Asset Management Institute Fellowship Award
2021	Wheeler Institute for Business and Development PhD Award
2021	IAEE Best Student Paper Award
2021	Finalist QCGBF Young Economist Prize
2020	Professor Sir James Ball PhD Award
2019	SNDE Dwyer Ramsey Prize for the Best Student Paper
2016	PhD Programme Scholarship
2016	Best Master's Degree in the Faculty of Economics and Social Sciences
2016	VBW Excellence Award for Outstanding Master's Thesis
2015	Schmeller Prize for Best Master's Thesis

Professional activities

Refereeing

American Economic Journal: Macroeconomics, American Economic Review, American Economic Review: Insights, Econometrica, Journal of Applied Econometrics, Journal of Economic Theory, Journal of the European Economic Association, Journal of Financial Economics, Journal of International Economics, Journal of Monetary Economics, Journal of Political Economy, Journal of Political Economy: Macroeconomics, Nature, Quarterly Journal of Economics, Review of Economic Studies, Review of Finance, The Review of Economics and Statistics

Scientific committees

National Academies Workshop on Macroeconomic Implications of Decarbonization Policies, EEA An-

annual Congress 2024, SED 2024 Program Committee, SFS Cavalcade 2023 Program Committee

Other service

Organization Young Scholars' Webinar on Climate Finance and Economics, Organization TADC Conference

Teaching experience

Graduate

2022 – 2025 Empirical Macroeconomics, Northwestern University
 2017 – 2018 Macroeconomics I (PhD level), London Business School
 2014 Essential Mathematics for Economists (Master level), University of Bern
 2014 Time Series Analysis II (Master level), University of Bern

Undergraduate

2014, 2015 Econometrics I (Bachelor level), University of Bern
 2013 Time Series Analysis I (Bachelor level), University of Bern

Other relevant experience

Visiting scholar positions and academic visits

2024 – Visiting Scholar, San Francisco Fed

Pre-PhD positions

2019 – 2020 PhD Intern, Bank of England
 2015 – 2016 Intern Inflation Forecasting, Swiss National Bank
 2014 – 2015 Quantitative Analyst, Credit Suisse

Presentations (**scheduled*, †*discussant*)

2025 Sveriges Riksbank*, TSE-Banque de France*, Texas A&M*, EC-CEPR-JIE conference*, Duke Macro Jamboree*, IMF Economic Research*, IMF Macro-Financial Research Conference*, UCL*, LSE (macro & environmental group)*, Oxford (macro & environmental group)*, Kansas State University*, ASSA Meeting*

2024 LMU*, Danmarks Nationalbank*, University of Glasgow*, Dartmouth Mini-Conference on Macroeconomics*, UW-Milwaukee*, Council of Economic Advisers, BOKU University, CLC Finance and Economy Theme Group, Minneapolis Fed, IMF, CEBRA Workshop for Commodities and Macroeconomics, Philadelphia Fed, University of Pennsylvania, UZH Climate Challenge and Economic Policy, EEA Conference, CEPR-EAERE Climate Policy Webinar, NBER Summer Institute, SED Conference, Barcelona Summer Forum, NBER-SAIF Climate Finance and the Sustainable Energy Transition†, Dolomiti Macro Meeting, Conference of the Yrjö Jahnsson Foundation on Climate Change and Inequality, ECB CCC Green Seminar, Chicago Fed, NBER Monetary Economics Program Meeting†, ASSA Meeting

2023 Zurich Conference on Public Finance in Developing Countries, ETH Zürich, NBER Summer Institute, SED Conference, Rome Workshop on Macroeconomics, IMF Summer Conference, LBS-Stanford Global Tax Conference, Swiss National Bank, Konstanz Seminar on Monetary Theory and Policy, Drexel University, Wharton, UT Austin, JOIM Conference, HEC Paris, Warwick, Université Laval, Goethe University

2022 Hamburg, Princeton, Bonn, UC San Diego, University of Minnesota, Duke, Pontificia Universidad Católica de Chile, UC Davis, UC Berkeley, NBER-NSF Time Series conference, NBER Summer Institute, Bruegel Green Macro Group, European Commission, BSE Summer Forum, Copenhagen Business School, Virtual Seminar on Climate Economics, Macroeconomic Workshop Berlin, Brussels Economic Forum, KCL,

	Oxford, VRI Conference, T2M Conference, Potsdam Uni, European Central Bank, E-Axes Forum, Potsdam Institute for Climate Impact Research, IIES, Boston Uni, NYU Stern, Columbia, CBS, NYU, Chicago Booth, Northwestern Kellogg, Northwestern Economics, MIT Sloan, Harvard Kennedy School, Wharton, UCLA, UZH, Chicago Harris, CREI, Bocconi, SF Fed, NY Fed, ASSA Meeting
2021	SEA Conference, EC ² Conference, University of Chicago Capital Theory Seminar, University of Notre Dame, Bank of Italy, IWH-CIREQ-GW Macroeconometric Workshop, Chicago Booth Brownbag, FRB Chicago, FRBSF Climate Risk Workshop, ECB Forum, CEBRA Commodities and Macro Workshop, Bank of England, MMF Conference, EEA Conference, YES Conference, SED Meeting, IAAE Conference, NuCamp PhD Workshop, IAEE online Conference, QMUL Economics and Finance Workshop, Ghent Workshop on Empirical Macro, QCGBF Conference, LBS Economics Seminar, ASSA Meeting
2020	University of Neuchâtel, Bank of England, VMACS Junior Conference, ASSA Meeting
2019	SEA Conference, CFE Conference, EEA Conference, IAAE conference, Ghent Workshop on Empirical Macro, QMUL Workshop in SVARs, Swiss National Bank, Nowcasting, SNDE Conference
2018	SEA Conference, TADC Conference

Skill set

Programming

Matlab, Python, R, Julia, SQL

Software

Statistics and Economics:

Stata, EViews, Dynare

Word processing and version control:

Latex, MS Office, Git, Github

Languages

German (native), English (C2), Spanish (B2), French (B2)

References

Professor Paolo Surico

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