Simon Wehrmüller

CV

Education

2009 – 2015 (exp.) **PhD Candidate**, *Stockholm School of Economics, Department of Economics*, Advisor: Lars Ljungqvist.

2005 – 2007 **MA in Economics**, *University of St. Gallen and Norwegian School of Economics and Business Administration Bergen*.

2001 – 2004 **BA in Business Administration**, *University of St. Gallen*.

References

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Department of Finance
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Johanna Wallenius
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Research Interests

Macroeconomics, Finance, Labor Economics.

Teaching

2013 **Dynamic Macroeconomics**, *Master Program at Stockholm School of Economics, Teaching Assistant*.

2012 **Business Cycles**, *Master Program at Stockholm School of Economics, Teaching Assistant*.

2011 **Macroeconomics**, *Stockholm Doctoral Program in Economics, Teaching Assistant*.

2010 **Microeconomics**, *Bachelor Program at Stockholm School of Economics, Teaching Assistant*.

Publications

2009 **Swiss Franc Lending in Europe**, *with Martin Brown and Marcel Peter, Aussenwirtschaft, p. 167-181*.

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Contributions on Voxeu

2009 **How big are Eastern European losses?**, *www.voxeu.org/index.php?q=node/3467.*

2008 **Assessing the impact of the financial crisis on the US labor market**, *www.voxeu.org/index.php?q=node/2603.*

Working Paper

Bank lending and personal income in the Great Recession
This paper suggests a new way to identify how credit supply affects income. I use fluctuations in a bank holding's balance sheet positions along with the number of branches within a United States core-based statistical area to create a measure of an exogenous shocks to this area's supply of credit in the latest financial crisis. The identification assumes the exposure of a region to be proportional to the number of bank branches. I find causal evidence that an adverse shock to a bank affects its borrowers negatively. A one standard deviation drop in the loan shock leads to a 0.2 percentage points drop in income growth. The effect is statistically significant and robust to a number of extensions like the inclusion of additional banks in the analysis or a geographic restriction to big cities.

Credit channel in a matching model with two different technologies
I develop a model with search in the labor and credit markets. A one-worker firm has access to a less productive technology with which it produces the single good in the economy. It sells the good inelastically and pays the wage of the worker and the cost of search for a banker. With the help of a banker, the firm gets access to a more productive technology. The tightness of the credit market in this economy is determined by the difference between the two technologies. I show that a contraction in the economy that keeps the relative productivity constant (therefore changing the absolute distance), is amplified through the crowding-out of bankers. In an extension, I show that financial liberalization can lead to an increase in unemployment, if entry into banking is not free.

Work in Progress

Employment protection and work effort (with Carl Magnus Bjuggren)
In this study, we show how employment protection and unemployment are related when output depends on work effort. We extend the Mortensen-Pissarides framework to allow for the separation probability and the output to depend on the effort level chosen by a worker. We use Swedish register data to test our theory.
Shapiro and Stiglitz (1984) model unemployment with shirking in an equilibrium framework. In their model, a worker's output depends on the chosen effort. Shapiro and Stiglitz show that the prevailing, efficient wage can be above market clearing levels if firms wish their workers to excerpt effort. We unify the idea of efficiency wages with search frictions in the labor market. In our model, based on the Mortensen-Pissarides framework, firms may choose to increase the separation probability for shirking workers in order to increase the firm's output. For a discrete choice of efforts, we show how the equilibrium wage induces high or a low effort on the worker's side, depending on the output function. We test our model using a labor market reform in 2001 that substantially increased some firm's threat to lay off shirking workers.

Quantitative assessment of the Wasmer-Weil model
Wasmer and Weil (2004) were the first to combine frictions in the credit and labor markets in a matching model. An entrepreneur searches for financing for a project, and once the entrepreneur is matched with a banker, they post a vacancy to search for a worker. The goal of this paper is to quantitatively assess the credit channel propagation mechanism in this model. I provide a dynamic extension of the model that allows me to introduce aggregate productivity shocks to see how well it matches business cycle moments.

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Imperfect information in a market for capital and labor
Stiglitz and Weiss (1981) show that imperfect information about the riskiness of a project can lead to credit rationing. This paper uses this model in general equilibrium, where agents can either borrow from the bank in order to execute a project or lend their money to the bank. The perfectly competitive bank can pool capital, but cannot observe the riskiness of the projects. I find two equilibria for this economy: a pooling equilibrium where both types of projects are executed at a low interest rate, and a separating equilibrium where only the agents with high risk projects produce at a high interest rate. A one period shift in the ratio of high to low risk projects can take the economy from a pooling to a separating equilibrium and lead to a permanent output drop.

Grants and Awards

2011 –	**Jan Wallander and Tom Hedelius Research Grant**.
2012	**Scholarship from the 2012 I.S.E.O Summer School**.
2011 – 2013	**Several travel Scholarships from Burenstam-Linder and Fraenckel**.
2009 – 2011	**Stockholm School of Economics Graduate Student Scholarship**.
2007	**UBS prize 2007 for the best master thesis in economics**.

Presentations and Summer Schools

2014	**European Economic Association**, *annual meeting Toulouse.*
2013, 2014	**Stockholm School of Economics**, *lunch seminar.*
2011	**Barcelona Labor Economics Summer School**, *"Labor Market Outcomes" (Robert Shimer) and "Behavioral Economics and Policy" (Sendhil Mullainathan).*
2011	**Tilburg University**, *Enter conference.*
2012	**I.S.E.O Summer School**, *"Building the new global welfare after the crisis. The search for stability in the worldwide economies and markets".*

Working Experience

1/2008 – 4/2009	**Swiss National Bank**, *Research Assistant in the International Research unit.*
6/2007 – 12/2007	**Société Générale Corporate and Investment Bank**, *Internship, working with exchange traded funds.*
	Military service, *Military training school (2001), Officer Candidate School (2004 – 2005), Armed Forces College – Commander and Staff Officer School (2010 and 2011).*

Languages

German	mother tongue
English	fluent
French	good
Spanish	basic
Swedish	basic

Computer

Matlab, Stata, Dynare, Pascal, GAMS, Eviews, Datastream, Bloomberg, LaTex.

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