

KARSTEN MÜLLER

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Princeton University
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Research Fields

Primary: Finance, Macroeconomics

Secondary: Political Economy

Academic Positions

2018–present Postdoctoral Research Associate, Princeton University

Education

2014–2018 Ph.D. Business and Management, University of Warwick

Thesis Title: *“Three Essays in Financial Economics”*

2017 Visiting Ph.D. Student, University of Chicago, Booth School of Business

2012–2014 M.Sc. Strategy, Innovation, and Management Control, WU Vienna

2009–2012 B.Sc. Economics and Business Administration, J. W. Goethe University Frankfurt

References

Professor Atif Mian

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Professor James Mitchell

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Professor Thorsten Beck

The Business School

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Publications

1. **“Bank Branching Deregulation and the Syndicated Loan Market”**, with Jan Keil
Journal of Financial and Quantitative Analysis (2020)
2. **“Fanning the Flames of Hate: Social Media and Hate Crime”**, with Carlo Schwarz
Journal of the European Economic Association (2020)

Job Market Paper

“Credit Allocation and Macroeconomic Fluctuations”, with Emil Verner

We study the relationship between credit expansions, macroeconomic fluctuations, and financial crises using a novel database on the sectoral distribution of private credit for 116 countries starting in 1940. Theory predicts that the sectoral allocation of credit matters for distinguishing between “good” and “bad” credit booms. We test the prediction that lending to households and the non-tradable sector, relative to the tradable sector, contributes to macroeconomic boom-bust cycles by (i) fueling unsustainable demand booms, (ii) increasing financial fragility, and (iii) misallocating resources across sectors. We show that credit to non-tradable sectors, including construction and real estate, is associated with a boom-bust pattern in output, similar to household credit booms. Such lending booms also predict elevated financial crisis risk and productivity slowdowns. In contrast, tradable-sector credit expansions are followed by stable output and productivity growth without higher risk of a financial crisis. Our findings highlight that what credit is used for is important for understanding macro-financial linkages.

Working Papers

1. **“Busy Bankruptcy Courts and the Cost of Credit”**
Revise and resubmit at the *Journal of Financial Economics*
2. **“Electoral Cycles in Macroprudential Regulation”**
Revise and resubmit at the *American Economic Journal: Economic Policy*
3. **“From Hashtag to Hate Crime: Twitter and Anti-Minority Sentiment”**
with Carlo Schwarz
4. **“The Effects of Social Media on Elections: Evidence from the United States”**
with Thomas Fujiwara and Carlo Schwarz
5. **“Does the Sectoral Allocation of Credit Matter for Financial Stability Risks?”**
Invited book chapter for publication by *INET* and *Chicago University Press*

Work in Progress

1. **“International Credit Supply Shocks: Evidence from the Latin American Debt Crisis”**
with Jialiang Lin, Atif Mian, and Amir Sufi
2. **“Capital Misallocation and Economic Growth”**
with Ernest Liu, Atif Mian, Amir Sufi, and Emil Verner

Research Experience and Other Employment

2018	Project Officer <i>International Monetary Fund</i>
2017	Intern, Macprudential Strategy and Support Division <i>Bank of England</i>
2014	Consultant Intern <i>Joint Vienna Institute (IMF Regional Training Center)</i>
2013–2014	Business Analyst <i>Contrast Management-Consulting (EY)</i>

Teaching Experience

2019	Lecture on financial crises (Master in Public Policy, MPP) <i>Princeton University, Princeton School of Public and International Affairs</i>
2015–2016	Teaching assistant for EC229 Economics of Strategy (Undergraduate) <i>University of Warwick, Warwick Business School</i>
2014	Teaching assistant for courses on central bank topics <i>Joint Vienna Institute (IMF Regional Training Center)</i>
2013–2014	Teaching assistant for various finance courses (Undergraduate/Graduate) <i>Vienna University of Economics and Business (WU)</i>

Conferences and Invited Seminars

** presented by co-author*

Scheduled	AEA*, U. of Rochester, Groningen U., NUS, Duke U.*, CBS*, Norwegian BI*
2020	AEA, UNHCR-World Bank-Brown-Harvard Conference on Forced Displacement, Imperial*, Princeton U., IMF Macro-Financial Research Conference, UCSD*, U. of Cambridge, U. of Oslo*, Berkeley Haas Real Estate*, SSE*
2019	AEA, NYU SMaPP, Political Economy of Finance Conference, Princeton U., SNB, BIS, MFA, Lenzerheide Conference, U. of Zürich, BOE, U. of Warwick, Young Economists Spring Meeting*, CFIC, RES*, SFS Calvacade, INET Conference on Private Debt, WFA, IMF, NBER Summer Institute*, AOM Panel Session, EEA*, Columbia Young Economists Symposium*, Galatina Summer Meetings*, Bundesbank/CEPR Conference, Rutgers U., ENS Lyon*, EMEC*, German Economists Abroad Meetings, ECB Macprudential Policy & Research Conference
2018	Bonn U., U. of Chicago*, MFA*, EEA*, EFA, U. of Warwick*, Workshop on Political Economy Bozen-Bolzano*, Oxford Internet Institute*, Bundesbank Conference on Financial Cycles and Regulation, Princeton U.
2017	WECON, ASBA-World Bank Research Conference, U. of Chicago, BOE, EFiC, IFABS*, EEA, UWI, Leverhulme Trust Ph.D. Meetings*, DGF
2016	WBS, UWI*, TADC (LBS), MoFiR, BHC/BoE/CEPR/CFM Conference
2015	BIS, UWI

Professional Activities

Referee	Journal of Finance, AER Insights, Economic Policy, Economic Journal
Discussant	MFA 2020, BOFIT Workshop on Finance and Politics 2020, Lenzerheide Conference 2019, FIRS 2019, DGF 2017, TADC 2016

Awards and Grants

2020	Grant for “Empirical Macrofinance” (PI: Atif Mian and Ernest Liu, \$388,000) <i>National Science Foundation (NSF)</i>
2019	Gift (\$25,000) <i>Governor’s Woods Foundation</i>
2019	Grant for “Social Media and Election Outcomes” (\$5,000) <i>Princeton Data-Driven Social Science Initiative</i>
2019	Grant for “Private Debt Cycles” (with Emil Verner, \$15,000) <i>Institute for New Economic Thinking (INET)</i>
2019	Best Poster Award <i>12th Swiss Winter Conference on Financial Intermediation</i>
2017	Overseas Institutional Visit (OIV) Award for visit at Chicago Booth <i>Economic and Social Research Council (ESRC)</i>
2017	Doctoral Student Travel Award <i>European Economic Association (EEA)</i>
2016	Doctoral Student Travel Grant <i>American Finance Association (AFA)</i>
2014–2018	Postgraduate Research Scholarship <i>Economic and Social Research Council (ESRC)</i>
2014–2018	Chancellor’s International Scholarship <i>University of Warwick</i>
2013	Merit Scholarship <i>Vienna University of Economics and Business (WU)</i>

Languages

German (native), English (fluent), French (basic)