

Statement of Purpose

Konstantin Poensgen — Ph.D. in Economics

A central theme of my research interests is how market features interact with the collection of public revenues and the provision of public goods and services. I am inquisitive in studying these links using the quantitative economics toolkit in the areas of taxation and social insurance.

Regarding revenue collection, I am curious about the intersection of tax and development. For instance, given the rapid urbanization in developing countries, the revenues of city governments for providing urban amenities are crucial yet scarce. At the same time, local shopping markets centralize economic activity, where compliance among vendors with market fees is high anecdotally. However, this source is largely untapped for tax collection purposes. It is also understudied and existing evidence primarily based on qualitative interviews with local officials, tax collectors, and vendors (e.g., [Prichard and Van den Boogaard, 2017](#); [Ligomeka, 2019](#)). Exploring this topic further could promote local tax capacity and inform about issues fiscal decentralization (e.g., [Gadenne and Singhal, 2014](#)), the organization of tax administrations (e.g., [Basri et al., 2021](#)) and informality and firm development (e.g., [La Porta and Shleifer, 2014](#)).

On the provision of public goods and services, I am especially interested in their supply through marketplaces. Health insurance, for example, is often provided on so-called exchanges to foster consumer choice and insurer competition. On the former, there is widespread evidence that individuals face substantial behavioral frictions in their insurance choices (e.g., [Ericson and Sydnor, 2017](#); [Chandra et al., 2019](#)). However, we know much less about their implications for insurance supply (e.g., [Handel and Ho, 2021](#)). There is some descriptive evidence suggesting that insurer pricing in Medicare Part D in the US is consistent with insurers exploiting consumer inertia (e.g., [Ericson, 2014](#); [Ho et al., 2017](#)). Adding to this, I am keen to explore insurer behavior in the presence of demand frictions, which could provide critical regulatory insights.¹

My past independent research projects relate closely to my interests in public economics. My BSc thesis studies the link between indirect taxation and inequality in developing countries. Consistent with [Bachas et al. \(2020\)](#), I find no evidence that indirect taxes are regressive in this context using cross-country panel data. The paper received the highest grade possible and I was invited to present it at the Centre for European Economic Research (ZEW). Supervised by Johannes Spinnewijn, my MSc thesis explores price sensitivity in the German health insurance market. On the insurer level, I use a DiD design and an IV strategy to estimate the price elasticity of demand. Using individual-level panel data, I find that a reform which reduced the salience of premiums decreased individuals' price sensitivity. The paper received the highest grade in the course, ranking 3rd out of all graduate economics essays at LSE that year.

My current role as a predoctoral fellow with Dina Pomeranz and Dave Donaldson gives me in-depth exposure to work at the frontier of tax evasion, public procurement, and firm productivity. I am actively contributing to various research stages, including theory, empirical analyses and drafting academic papers. For instance, to estimate dispersion in firm markups in [Carrillo et al. \(2022\)](#), I conducted extensive research and simulations on the IV correlated random coefficient estimator by [Masten and Torgovitsky \(2016\)](#) to (i) test consistency under different economic

¹ I provide brief research proposals on the mentioned topics online (konstantinpoensgen.github.io).

models and (ii) inform the estimator bandwidth choice. I also took a lead role in developing and drafting three grant applications on tax evasion and collection in developing countries.

My prior coursework in economic theory and quantitative methods provides a strong foundation for my doctoral studies. The rigorous training in Mannheim and Nottingham and my desire to pursue a Ph.D. motivated my graduate studies in mathematical economics and econometrics at LSE, which I finished among the top of my cohort. The proof-based micro, macro and econometrics sequences matched the rigor of first-year Ph.D. courses. In my elective, public economics, I was particularly intrigued by research deriving sufficient statistics for welfare analysis. Driven by my desire to learn more about frontier research methods, I audited a course in quantitative economics covering recent advances in applied econometrics.

My motivation to pursue a Ph.D. in economics is twofold. First, I am excited to continue learning about economic theory and empirical methods. Second, I aspire to become a quantitative economist at a leading university contributing to the research frontier in public economics. With this goal in mind, I hope to pursue a Ph.D. in economics at a leading university.

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