

Statement of Academic 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 about 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 taxation 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. While there is some evidence on market taxation based on qualitative interviews with local officials, tax collectors, and vendors (e.g., [Prichard and Van den Boogaard, 2017](#)), it remains understudied. Exploring this further could promote local tax capacity and provide insights into issues like fiscal decentralization (e.g., [Gadenne and Singhal, 2014](#)), the organization of tax administrations (e.g., [Basri et al., 2021](#)), and informality and 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 investigate insurer behavior in the presence of demand frictions, which could yield critical regulatory insights.¹

My 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; 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 that 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 predoctoral fellowship with Dina Pomeranz and Dave Donaldson gives me in-depth exposure to research at the frontier of tax evasion, public procurement, and firm productivity. I actively contribute 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 firm models and (ii) derive an optimal estimator bandwidth choice. Correspondingly, I have become the focal point

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

for solving complex econometric or economic theory issues in the RA team. I also took a lead role in developing successful grant applications on taxation in developing countries.

My prior economic theory and quantitative methods coursework provide 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 five students 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. I also audited a course in quantitative economics to learn more about frontier research methods and recent advances in applied econometrics. Finally, I took a real analysis course to deepen my understanding of the mathematical foundations in economics.

In sum, I believe that my holistic profile and the skills acquired in significant research experience and advanced coursework put me in a strong position to pursue a Ph.D. in economics. I am eager to contribute to the research frontier in public economics through a research agenda like the one outlined above. Ultimately, I aim to conduct policy-relevant research in these areas as an academic researcher at a leading university.

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