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Research Statement

My research is focused on urban and regional economics, where I using tools from applied econometrics and labor economics to inform macroeconomic and aggregate outcomes. The three chapters of my dissertation look at the effects of local labor markets on a variety of household level outcomes, and how these outcomes go on to shape the macroeconomy. My ongoing work focuses on two major areas. Primarily, I focus on wealth and income inequality in the United States, particularly considering the effects of local labor and housing markets. Secondly, I study regional and temporal inequality in how caste groups sort into occupations in India.

1 Local Labor Markets, Wealth Inequality and Migration

The Intergenerational Wealth Effects of Local Labor Markets. My job market paper concerns the divergent growth in local income and house prices across the United States between 1999 and 2019 (i.e., San Francisco has grown faster than Detroit). These divergent trends across labor and housing markets have an effect on wealth, especially housing wealth, which persists across generations. The paper asks how the local markets of parents shape their children's wealth and consequently affect wealth inequality.

It makes three broad contributions. First, it studies the wealth accumulation of children following split-off from the parents using a panel dataset that can link families across generations. In doing so, it highlights the importance of parental experiences of local labor markets in determining child wealth, and how this crucially depends on parental homeownership. Second, it shows that an increase in direct parental transfers and help with paying the down-payment for a home are crucial intermediating channels through which children can accumulate more wealth. Third, within a parsimonious, multi-region model, which can be viewed as an accounting framework, it finds a key role for parental considerations of bequests in explaining the pass through of local labor markets to the wealth of children. Specifically, uneven growth in local markets makes parents in high growth areas save disproportionately more because they care about what they leave to the kids. For homeowners, this includes the value of their home, which makes the link between local labor and housing markets especially salient. In this framework, uneven regional growth accounts for about 40% of the rise in wealth inequality amongst the bottom 90% of households in United States between 1999 and 2019.

When the Going Gets Tough, the Rich Get Going: The Effects of Local Labor Demand Shocks on Migration. In this paper, I find that the negative local labor demand growth decreases the home equity of homeowner households and, through this channel, makes it harder for them to leave the area for better performing ones. I employ a difference-in-differences framework to uncover these effects, comparing the out-migration of homeowners to renters within an area. To further get at the effects, I also compare homeowners in areas where house prices are especially sensitive to movements in labor demand (i.e., ones with low house supply elasticities) to those in areas which are not very sensitive.

The second part of the paper uncovers heterogeneous effects by wealth: homeowners who are more leveraged in terms of their loan-to-value ratio find it especially difficult to leave. However, these effects can be undone if the household has more *non-housing* wealth. Essentially, paying the fixed costs of migrating away from a declining labor market is difficult if there is a dramatic increase in leverage or decrease in housing wealth. However, a household can still use other forms of wealth to finance these moves, if it has any available. This speaks to the literature on housing "lock-in" and shows that a decrease in home equity does matter, but only if the household has low levels of non-housing wealth.

The Effect of Local Labor and Housing Markets on Wealth Portfolios in the United States. In supplementary work to my job market paper, I find that most of the effects of local labor demands on regional household wealth occur through the housing channel, i.e., most of the increases in wealth in the area accrue to homeowners. They are largely accounted for by an increase in housing wealth, as opposed to other forms of saving. This rise in housing wealth is most stark in fast growing areas that have housing markets that are especially sensitive to an increase in demand. These are areas like San Francisco and Miami, which have a low elasticity of housing supply, as opposed to Indianapolis or Houston, where housing is easier to build.

Surprisingly, I find little evidence that the non-housing wealth of homeowners or renters increases in growing local labor markets. This is possibly because of the higher local cost of living that follows growth in labor markets. This research shows that considering the wealth of homeowners separately is key to explaining the persistent effects of local labor markets that I uncover in my job market paper.

2 Inequality in India

Caste Inequality Across Time and Space In this paper, joint with Dr. Arpit Gupta and Dr. Anup Malani, we link sub-castes in India to their traditional occupations. We start with the observation that while many think that the caste system in India is a strict ordering of incomes, this isn't true for the distribution of incomes: many "lower" castes have higher incomes than the upper castes in modern India. We posit a simple model of caste-level outcomes that suggests that an important role of caste is specialization: castes – and especially their component "jati's" or sub-castes – are associated with specific occupations. Differences and changes in the fortunes of occupations across space and time portend differences and changes in the fortunes of caste. Consequently, changes in technology that alter the value of different jobs over time end up altering the social value of corresponding castes. Additionally, we posit that the expansion of trade that changes the location of different jobs also changes the local population distribution of castes.

3 Other Work in Progress and Future Research

In the future, I aim to continue working on topics relating the regional markets that households experience to income and wealth inequality. I believe that geography is important because it determines the location of economic activity, and it is important to understand who has access to growing areas. I believe this "membership" into areas (be it the metro area, the city, or the neighborhood) has important consequences for the persistence of economic inequality.

Local Distribution of Housing Wealth. This project, joint with Dr. Pablo Mitnik, involves analyzing data from Zillow's ZTRAX dataset. The data contains the universe of property assessments and transactions as reported by the County Assessor's Office and the County Recorder's Office in each county across the United States. We have processed the data to a point where it is ready for analysis, and while Zillow is discontinuing providing with dataset, we retain the data we have already cleaned. This dataset has rich information housing characteristics of homeowners across the country, and also has details about property transactions such as a family transfer flags.

We have two major aims in this project. First, we plan to measure the housing wealth of homeowners and summarize some key moments of the distribution at the neighborhood and county level. This would allow for wealth inequality statistics at a local level, which are not currently available. This is an important statistic because some cities are inherently more unequal in terms of their housing wealth than others. Given the importance of housing wealth in determining the fortunes of households and their children I find in my other work, it is crucial to study how this part of a household's wealth is distribution *within* cities. Second, we plan on using the family transfer flags to investigate whether the probability of being in an inherited house is higher in certain areas versus others. This is important because inherited houses can buy households "access" to certain areas, e.g., inheriting a house in San Francisco opens up the Silicon Valley labor market, leading to more opportunities.

Demographic Characteristics of Historical IRS 1040 Data. I am also excited to work with Trent Alexander and Katie Genadek on a project that documents the 1969, 1974, 1979, 1984, 1989 full count IRS 1040 data. I am in the process of getting Special Sworn Status at the U.S. Census Bureau for this work. Once this is processed (I anticipate gaining this status in January), I will begin working on comparing the characteristics of the population that is in the tax data in each of these years to the closest decennial census. This work will potentially also carry on towards answering economic questions using this data, and also more recent versions of the IRS data.

Spatial Variation in Income Inequality in India. Finally, I aim to continue working with Dr. Anup Malani and Dr. Arpit Gupta on topics in inequality in modern India. For instance, in our ongoing work on caste inequality, we have found stark differences between North and South India: North India is more rural, has lower levels of income, and more income inequality. The occupation and caste composition in these two areas is also profoundly different. This project, which will continue our on-going work, will look at the reasons behind these stark spatial differences in the economies of North and South India. These differences are important to understand because, given the Indian economy's reliance on the service industry, the gains from high GDP growth might accrue to areas which specialize in them (i.e., South India), and lead to higher regional differences in income in the future.