

SADHIKA BAGGA

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EDUCATION

University of Texas at Austin

Ph.D. in Economics

May 2023 (Expected)

M.S. Economics

2019

Delhi School of Economics

M.A. Economics

2014

University of Delhi

B.A. (Hons.) Economics

2012

PRIOR EMPLOYMENT

Thomas J. Sargent Dissertation Fellow, Federal Reserve Bank of San Francisco

2022

Dissertation Fellow, Federal Reserve Bank of St. Louis

2022

AEA Summer Fellow, Federal Reserve Bank of New York

2021

Research Associate, National Council of Applied Economic Research, India

2015-17

FIELDS

Macroeconomics and Labor Economics

REFERENCES

Professor Aysegül Şahin (Co-chair)

Richard J. Gonzalez Regents Chair in Economics

Department of Economics, UT Austin

Email: aysegul.sahin@austin.utexas.edu

Professor Andreas I. Mueller (Co-chair)

Associate Professor

Department of Economics, UT Austin

Email: andimueller@utexas.edu

Professor Olivier Coibion

Malcolm Forsman Centennial Professor

Department of Economics, UT Austin

Email: ocoibion@austin.utexas.edu

JOB MARKET PAPER

Firm Market Power, Worker Mobility, and Wages in the US Labor Market ([Link](#))

Worker mobility and wages, relative to productivity, have declined in the US amid a rise in employer market power. I propose a theory of the labor market linking these trends, in which a decline in employer competition, characterized by a lower number of firms per worker, drives the decline in worker mobility and wages. The model has two main ingredients: (i) there exists a finite number of employers that differ in productivity, and (ii) employers exert market power by excluding their offers from the set of outside options faced by their employees. The combined effect of these features, in response to a decreasing number of firms per worker, is to reduce the value of workers' outside options, thereby reducing wages and worker mobility in equilibrium. Overall, the model accounts for 2/3rd of the decline in employer-to-employer transitions rate and a fifth of the decline in wages relative to productivity from the 1980s to the 2010s. I evaluate the model's key predictions using the public-use data from the Census and

document that labor markets characterized by a lower number of firms per worker are associated with reduced measures of worker mobility and average wages.

WORKING PAPERS

Internal and External Labor Markets and Declining Dynamism (Link)

Over the last four decades, employment composition has shifted towards large firms in the US. This has occurred amidst a decline in employer-to-employer transitions. A natural question is, are workers in large firms climbing job ladders internally rather than externally? Using data from various supplements of the Current Population Survey, I find evidence of the prevalence of internal job ladders within large firms. I document that job stayers in large firms, relative to small ones, realize a larger annual pay growth and a higher probability of internal job switching. Accounting for internal job ladders amplifies labor market dynamism and offsets part of the decline in external employer-to-employer switching rates. At the same time, there has been a decreasing trend in the rate of internal job switching, suggesting that the forces affecting declining external dynamism could have also had implications on internal job ladders. I hypothesize that the decline in internal dynamism could be driven by the firm's endogenous response to decreasing labor market competition.

Incidence and Evolution of Nominal Wage Rigidity in the US (Link)

This paper documents the change in nominal wage rigidity in the US using the 1996-00 and 2008-13 panels of the Survey of Income and Program Participation (SIPP). Using a structural breaks test methodology to correct for measurement errors in self-reported wages, this paper finds evidence of (i) an increase in the frequency of wage adjustment among hourly job-stayers over the two periods, and (ii) conditional on wage adjustments, a higher proportion of wage cuts during the Great Recession relative to the subsequent recovery. These findings are robust when the methodology is applied to salaried workers. They can be seen in light of increasing labor market flexibility in the US over the recent decades.

WORK IN PROGRESS

Job Amenity Shocks: A Model of the Pandemic Business Cycle

(with Lukas Mann, Ayşegül Şahin, Gianluca Violante)

CONFERENCES AND SEMINARS

2022: Midwest Macro Meetings, NBER Wage Dynamics in the 21st Century, Federal Reserve Bank of St. Louis, Federal Reserve Bank of San Francisco, SOLE Conference, AEA/ASSA Meetings

2021: Oxford NuCamp PhD Workshop, Federal Reserve Bank of New York, NBER Wage Dynamics in the 21st Century

AWARDS & FELLOWSHIPS

Graduate School Dissertation Writing Fellowship, University of Texas at Austin	2023
Graduate School Continuing Fellowship, University of Texas at Austin	2022-23
Professional Development Award, University of Texas at Austin	2020,22
Graduate Summer Fellowship, University of Texas at Austin	2021
Collaborative Research Fellowship with Prof. Stefano Eusepi	Summer 2020
Graduate School Fellowship, University of Texas at Austin	2017-22
Junior Research Fellowship, Govt. of India	2015

RESEARCH EXPERIENCE

Research Assistant for Prof. Aysegül Şahin (UT Austin)	2020-2021
Research Assistant for Prof. Stefano Eusepi (UT Austin)	Summer 2020
Research Assistant for Prof. Chris Boehm (UT Austin)	Fall 2019
Research Associate for Prof. Sonalde Desai (New Delhi)	2015-17
Research Assistant for Prof. Ashwini Deshpande (Delhi School of Economics)	2014
Research Intern, United Nations ESCAP (New Delhi)	Summer 2013

TEACHING EXPERIENCE

Teaching Assistant (Department of Economics, UT Austin)	2017-2022
Macroeconomic Theory for Prof. Stefano Eusepi (Fall 2022)	
Macroeconomic Theory for Prof. Chris Boehm (Spring 2019, 2022)	
Macroeconomics I (PhD 1st year course) for Prof. Stefano Eusepi (Fall 2019, 2020, 2021)	
International Finance for Prof. Saroj Bhattarai (Spring 2020)	
Microeconomic Theory for Prof. Caroline Thomas (Fall 2018)	
Micro Theory for Business for Prof. John Thompson (Summer 2018, 2019)	
Introduction to Macroeconomics for Prof. Shalah Mostashari (Spring 2018)	
Introduction to Microeconomics for Prof. Thomas Wiseman (Fall 2017)	

REFEREEING

AEJ: Macroeconomics, Review of Economics and Statistics

OTHER

Programs: MATLAB, Stata, Python, R
Languages: English (Fluent), Hindi (Native)
Citizenship: India
Date of Birth: October 20, 1991

Last Updated: November 2022