

Diego R. Känzig

Curriculum vitae

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| Address | Northwestern University Department of Economics Kellogg Global Hub, Office 3449 2211 Campus Drive, Evanston IL 60208, United States |
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Academic positions

2023 – **Northwestern University**, Department of Economics
Assistant Professor

2023 – **National Bureau of Economic Research**
Faculty Research Fellow

2023 – **Centre for Economic Policy Research**
Research Affiliate

2022 – 2023 **Northwestern University**, Department of Economics
College Fellow

Education

2018 – 2022 **London Business School**, PhD in Economics
Thesis title: “Climate change, inequality and the macroeconomy”
Committee: Paolo Surico, Hélène Rey, Florin Bilbiie, João Cocco
Examiners: Jón Steinsson, Benjamin Moll

2021 **University of Chicago**, Visiting Graduate Student

2016 – 2018 **London Business School**, MRes in Economics

2013 – 2015 **Universities of Bern and Basel**, MSc in International and Monetary Economics
Summa cum laude, GPA 6.00/6

2010 – 2013 **University of Bern**, BSc in Economics
Insigni cum laude, GPA 5.72/6

Teaching and research fields

Primary: Macroeconomics/Macro-Finance

Secondary: Climate and Energy, Inequality, Household Finance

Research

Publications

Capital and income inequality: an aggregate-demand complementarity (with Florin Bilbiie and Paolo Surico), *Journal of Monetary Economics*, 126, 2022, 154-169

Abstract: A novel complementarity between capital and income inequality leads to a significant amplification of the effects of aggregate-demand shocks on consumption. We characterize this finding using a simple model with heterogeneity in household saving and income, nominal rigidities, and capital. A fiscal policy that redistributes capital income causes further amplification, whereas redistributing profits generates dampening. After an interest rate shock, consumption inequality is more countercyclical than income inequality, consistent with the available empirical evidence. Procyclical investment also requires a more aggressive Taylor rule in order to attain determinacy, and aggravates the forward guidance puzzle.

The macroeconomic effects of oil supply news: Evidence from OPEC announcements, *American Economic Review*, 111(4), 2021, 1092-1125

Abstract: This paper studies how changes in oil supply expectations affect the oil price and the macroeconomy. Using a novel identification design, exploiting institutional features of OPEC and high-frequency data, I identify an oil supply news shock. These shocks have statistically and economically significant effects. Negative news leads to an immediate increase in oil prices, a gradual fall in oil production, and an increase in inventories. This has consequences for the US economy: activity falls, prices and inflation expectations rise, and the dollar depreciates, providing evidence for a strong channel operating through supply expectations.

The distributional impact of the pandemic (with Sinem Hacıoglu and Paolo Surico), *European Economic Review*, 134, 2021, 103680

Abstract: The top quartile of the income distribution accounts for almost half of the pandemic-related decline in aggregate consumption, with expenditure for this group falling much more than income. In contrast, the bottom quartile of the income distribution has seen the smallest spending cuts and the largest earnings drop but their total incomes have fallen by much less because of the increase in government benefits. The decline in consumers' spending preceded the introduction of the lockdown, whose partial lifting has triggered a stronger recovery in sectors with a lower contact rate. The largest spending contractions are concentrated in the most affluent regions. These conclusions are based on detailed high-frequency transaction data on spending, earnings and income from a large fintech company in the United Kingdom.

International inflation spillovers – the role of different shocks (with Gregor Bäurle and Matthias Gubler), *International Journal of Central Banking*, 17(1), 2021, 191-230

Abstract: How do international price fluctuations spill over to country-specific inflation? We show that accounting for the drivers of international inflation and their effects on overall economic conditions is crucial to getting a more thorough view of spillover effects. We find substantial heterogeneity in the magnitude of spillovers, depending on the shocks driving inflation abroad. While all identified shocks are inflationary, their effects on activity, interest rates, and exchange rates differ. Disaggregated price responses suggest that these general equilibrium effects are important. We show this by looking at spillovers to Switzerland using a structural dynamic factor model relating disaggregated prices to key macroeconomic factors.

Working papers

The unequal economic consequences of carbon pricing, 2023. *Revise & resubmit at American Economic Review*

Abstract: This paper studies how carbon pricing affects emissions, economic aggregates and inequality. Exploiting institutional features of the European carbon market and high-frequency data, I identify a carbon policy shock. I find that a tighter carbon pricing regime leads to a significant increase in energy prices, a persistent fall in emissions and an uptick in green innovation. This comes at the cost of a temporary fall in economic activity, which is not borne equally across society: poorer households lower their consumption significantly while richer households are less affected. Not only are the poor more exposed because of their higher energy share, they also experience a larger fall in their income. These indirect, general-equilibrium effects are quantitatively more important than the direct price effects. A climate-economy model with heterogeneity in households' energy shares, income incidence and marginal propensities to consume is able to account for these facts.

Climate policy and the economy: Evidence from Europe's carbon pricing initiatives (with Maximilian Konradt), 2023

Abstract: How does carbon pricing affect the economy? This paper provides new evidence on the macroeconomic and regional impacts, contrasting European carbon taxes and the European carbon market. We document three novel empirical findings. First, we find that European carbon pricing initiatives were successful at reducing emissions, however, the economic costs turn out to be larger for the European carbon market than for carbon taxes. Second, we examine four different hypotheses for the differential impacts: fiscal policy and revenue recycling, pass-through and sectoral coverage, spillovers and leakage, and monetary policy. We find that all four have played an important role. Third, we document significant heterogeneity in

the regional impacts of the European carbon market, which depend crucially on the share of freely allocated allowances and the degree of market concentration in electricity markets.

Greed? Profits, inflation, and aggregate demand (with Florin Bilbiie), 2023

Abstract: We investigate the interplay of corporate profits and income distribution in shaping inflation and aggregate demand within the New Keynesian framework. We derive an analytical condition for profits to be procyclical and inflationary. The profit cyclicality is a key determinant of the model's propagation properties under household heterogeneity, but for aggregate-demand fluctuations to be amplified by heterogeneity, profits have to be countercyclical – an implication at odds with the data. When adding capital investment, there can be aggregate-demand amplification under procyclical profits but it works through an investment channel and not profits, inconsistent with the narrative attributing inflation to corporate greed.

Work in progress

The macroeconomic effects of climate policy uncertainty (with Costas Gavriilidis and Jim Stock)

Carbon leakage in developing countries (with Julian Marenz and Marcel Olbert)

Honors, awards and grants

Research grants

2022 INQUIRE Europe Research Grant, with Max Konradt (€10,000)
 2022 Lamfalussy Research Fellowship (€10,000)
 2019 Research Grant from the Wheeler Institute for Business and Development (£20,000)

Honors and awards

2023 JEEA Excellence in Refereeing Award
 2022 Invitation to Lindau Meeting on Economic Sciences
 2022 REStud North America Tour
 2022 AQR Top Finance Graduate Award
 2021 Winner ECB Young Economist Competition (€10,000)
 2021 AQR Asset Management Institute Fellowship Award (£10,000)
 2021 Wheeler Institute for Business and Development PhD Award (£15,000)
 2021 IAEE Best Student Paper Award
 2021 Finalist QCGBF Young Economist Prize
 2020 Professor Sir James Ball PhD Award (£10,000)
 2019 Dwyer Ramsey Prize for the best student paper at the 27th SNDE Symposium
 2016 PhD Programme Scholarship
 2016 Best Master's Degree in the Faculty of Economics and Social Sciences
 2016 VBW Excellence Award for Outstanding Master's Thesis
 2015 Schmeller Prize for Best Master's Thesis

Professional activities

Refereeing

American Economic Review, Journal of Political Economy, Review of Economic Studies, American Economic Review: Insights, American Economic Journal: Macroeconomics, Journal of Monetary Economics, Journal of Political Economy: Macroeconomics, Journal of the European Economic Association, The Review of Economics and Statistics, Journal of Economic Theory, Journal of International Economics, Journal of Applied Econometrics

Scientific committees

EEA Annual Congress 2024
 SED 2024 Program Committee

SFS Cavalcade 2023 Program Committee

Other service

Organization Young Scholars' Webinar on Climate Finance and Economics, Organization TADC Conference

Teaching experience

Graduate

2022 Empirical Macroeconomics, Northwestern University
 2017, 2018 Macroeconomics I (PhD level), London Business School
 2014 Essential Mathematics for Economists (Master level), University of Bern
 2014 Time Series Analysis II (Master level), University of Bern

Undergraduate

2014, 2015 Econometrics I (Bachelor level), University of Bern
 2013 Time Series Analysis I (Bachelor level), University of Bern

Other relevant experience

Visiting scholar positions and academic visits

2024 – Visiting Scholar, San Francisco Fed
 2023 – Visiting Scholar, Chicago Fed
 2023 Academic Visitor, University of Zurich

Pre-PhD positions

2017 – 2020 Research Assistant for Paolo Surico, London Business School
 2019 – 2020 PhD Intern, Bank of England
 2015 – 2016 Intern Inflation Forecasting, Swiss National Bank
 2014 – 2015 Quantitative Analyst, Credit Suisse

Presentations (*scheduled, †participated)

2024 ASSA Meeting*, Minneapolis Fed*, Conference of the Yrjö Jahnsson Foundation on Climate change and inequality*, SED Conference*

2023 Zurich Conference on Public Finance in Developing Countries*, ETH Zürich, Goethe University, Université Laval, Warwick, HEC Paris, JOIM Conference, UT Austin, Wharton, Drexel University, Konstanz Seminar on Monetary Theory and Policy, Swiss National Bank, LBS-Stanford Global Tax Conference, IMF Summer Conference, Rome Workshop on Macroeconomics, SED Conference, NBER Summer Institute

2022 Hamburg, Princeton, Bonn, UC San Diego, University of Minnesota, Duke, Pontificia Universidad Católica de Chile, UC Davis, UC Berkeley, NBER-NSF Time Series conference, NBER Summer Institute, Bruegel Green Macro Group, European Commission, BSE Summer Forum, FRIC Conference†, Copenhagen Business School, Virtual Seminar on Climate Economics, Macroeconomic Workshop Berlin, Brussels Economic Forum, KCL, Oxford, VRI Conference, T2M Conference, Potsdam Uni, European Central Bank, E-Axes Forum, Potsdam Institute for Climate Impact Research, IIES, Boston Uni, NYU Stern, Columbia, CBS, NYU, Chicago Booth, Northwestern Kellogg, Northwestern Economics, MIT Sloan, Harvard Kennedy School, Wharton, UCLA, UZH, Chicago Harris, CREI, Bocconi, SF Fed, NY Fed, ASSA Meeting

2021 SEA Conference, EC² Conference, University of Chicago Capital Theory Seminar, University of Notre Dame, Bank of Italy, IWH-CIREQ-GW Macroeconometric Workshop, Chicago Booth Brownbag, FRB Chicago, FRBSF Climate Risk Workshop, ECB Forum, CEBRA Commodities and Macro Workshop, Bank of England, MMF Confer-

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| | ence, EEA Conference, YES Conference, SED Meeting, IAAE Conference, NuCamp PhD Workshop, IAEE online Conference, QMUL Economics and Finance Workshop, Ghent Workshop on Empirical Macro, QCGBF Conference, LBS Economics Seminar, LBS Brownbag, ASSA Meeting |
| 2020 | University of Neuchâtel, Bank of England, VMACS Junior Conference, NBER Macro Annual Conference [†] , LBS Brownbag, ASSA Meeting |
| 2019 | SEA Conference, CFE Conference, EEA Conference, NBER Summer Institute [†] , IJCB annual conference [†] , IAAE conference, Ghent Workshop on Empirical Macro, QMUL Workshop in SVARs, Swiss National Bank, Now-casting, SNDE Conference |
| 2018 | SEA Conference, TADC Conference, LBS Brownbag |

Skill set

Programming

Matlab, Python, R, Julia, SQL

Software

Statistics and Economics: Stata, EViews, Dynare
 Word processing and version control: Latex, MS Office, Git, Github

Languages

German (native), English (C2), Spanish (B2), French (B2)

References

Professor Paolo Surico

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