

Kaj Thomsson

Home Address:

307C Mansfield Street
New Haven, CT 06511

Office:

Department of Economics
Yale University
Box 208268
New Haven, CT 06520-8268
Fax: (203) 432-2128

Telephone: (203) 606-3715 (cell)
(203) 777-2897 (home)

E-mail: kaj.thomsson@yale.edu

Web page: <http://pantheon.yale.edu/~kmt36>

Citizenship: Sweden (F-1 Visa)

Fields of Concentration:

Political Economy
Applied Game Theory
History of Political and Economic Institutions
Labor Economics

Desired Teaching:

Political Economy
Game Theory
Economic History
Labor Economics

Comprehensive Examinations Completed:

October 2005 (Oral) Game Theory and Political Economy
May 2005 (Oral) Labor Economics
May 2004 (Written) Microeconomic Theory (with distinction), Macroeconomic Theory

Dissertation Title:

Interest Groups, Political Institutions and the Development of the American Welfare State

Committee (Provisional):

Professor Benjamin Polak
Professor Giovanni Maggi
Professor Frances Rosenbluth
Professor Kenneth Scheve

Expected Completion Date: May 2009

Degrees:

Ph.D., Economics, Yale University, expected May 2009
M.Phil., Economics, Yale University, 2006
M.A., Economics, Yale University, 2005
M.Sc., Industrial Engineering and Management, Royal Institute of Technology, Sweden, 2003
B.A., Economics, Stockholm University, 2002
Studies in Telecommunication Theory, Universidad Politécnica de Madrid, 2000-01

Fellowships, Honors and Awards:

Dr. Marcus Wallenberg Foundation Grant, 2008
Tom Hedelius Foundation Grant, 2006
Cowles Foundation Prize, Yale University, 2005
Economic Growth Center Prize, Yale University, 2003
University Fellowship, Yale University, 2003-2006
Fulbright Award, 2003 (declined grant)
School of Industrial Management Award, Royal Institute of Technology, 2003
[as only student with a perfect grade point average, in program/class of approximately 120]
University Award for Perfect GPA (5.0), Royal Institute of Technology, Sweden, 2001, 2002
Soldier-of-the-Year, All Categories, Fårösunds Marinbridad, 1996

Teaching Experience:

Teaching Assistant, Yale University:
Game Theory, Professor Ben Polak, Fall 2007
Mathematical Game Theory, Professor Dino Gerardi, Spring 2006
Game Theory, Professor Ben Polak, Fall 2005
Teaching Assistant, Stockholm University:
Introduction to Microeconomics, Spring 2002

Research/Work Experience:

Affiliated Researcher, Research Institute of Industrial Economics (IFN), Sweden, June 2007 – Present
Research Assistant for Professor Giuseppe Moscarini, Yale University, June 2005 – Dec 2005
[Research Area: Labor Economics]
Research Assistant for Professor Nathaniel Keohane, Yale University, June 2004 – Sep 2004
[Research Area: Environmental Economics]
Economic Analyst, The Research Institute of Retail Trade (HUI), Sweden, June 2002 – Sep 2002
Trainee Engineer, Nippon Ericsson, Japan, June 1999 – July 1999
Artillery Teacher and Field Instructor, Göteborgs Marinbrigad, Sweden, Jan 1997 – Aug 1997
Military Service, Fårösunds Marinbrigad, Sweden, Aug 1995 – Nov 1996 (Final Rank: Sergeant)

Language Skills: Swedish (native), English (fluent), Spanish (advanced), German (basic)

Dissertation Chapters:

“Public and Private Welfare State Institutions - A Formal Theory of American Exceptionalism,”
October 2008. [main job market paper]

“Bargaining Over a New Welfare State: A Model of the Regional Distribution of New Deal
Funds,” with Alessandro Bonatti, September 2008.

“Political Institutions and Interest Group Influence – Theory and Evidence from the Progressive
Era,” Work in Progress.

Publications and Working Papers:

“Occupational and Job Mobility in the US,” with Giuseppe Moscarini, *Scandinavian Journal of Economics*, Volume 109, Issue 4, Page 807-836, March 2008 (special issue on labor markets).

“Karriär i Handeln – En Dynamisk Studie av Handelns Arbetsmarknad,” with Fredrik Bergström, *Research Report S75*, The Research Institute of Retail Trade (HUI), Stockholm, 2002.

”Income Mobility in Sweden: A Study on Immigrants and Native Swedes,” with Andre Lippman, *Research Report S72*, The Research Institute of Retail Trade (HUI), Stockholm, 2002.

“Integrating Bluetooth Access in Wireless LANs,” with Mats Arvedsson and Magnus Edlund, KTH, Stockholm, 2002. [written for Swedish wireless product developer Possio AB’s white paper series]

Presentations:

Five-College Faculty Seminar in Economics, Amherst, MA, Oct 2008

Comparative Political Economy Workshop, Yale University, May 2008

Institute for International Economic Studies, Stockholm University, Dec 2007

Leitner Seminar in International and Comparative Political Economy, Yale University, Oct 2007

Economic History Association Meeting, Austin, TX, Sep 2007

Midwest Political Science Association Meeting, Chicago, IL, April 2007

Leitner Seminar in International and Comparative Political Economy, Yale University, Sep 2007

Stockholm Mobility Roundtable Conference, Stockholm, May 2003

Scandinavian Ad Hoc Systems Workshop, Stockholm, May 2003

References:

Professor Benjamin Polak
Department of Economics
Yale University
P.O. Box 208268
New Haven, CT 06520
Phone: (203) 432-9926
Fax: (203) 432-5779
E-mail: benjamin.polak@yale.edu

Professor Frances Rosenbluth
Department of Political Science
Yale University
P.O. Box 208301
New Haven, CT 06520
Phone: (203) 432-5256
Fax: (203) 432-6196
E-mail: frances.rosenbluth@yale.edu

Professor Giovanni Maggi
Department of Economics
Yale University
P.O. Box 208268
New Haven, CT 06520
Phone: (203) 432-3569
Fax: (203) 432-6323
E-mail: giovanni.maggi@yale.edu

Professor Kenneth Scheve
Department of Political Science
Yale University
P.O. Box 208301
New Haven, CT 06520
Phone: (203) 432-6109
Fax: (203) 432-6196
E-mail: kenneth.scheve@yale.edu

Professor Giuseppe Moscarini
Department of Economics
Yale University
P.O. Box 208268
New Haven, CT 06520
Phone: (203) 432-3596
Fax: (203) 432-5779
E-mail: giuseppe.moscarini@yale.edu

Dissertation Abstract

How do industry structures, interest groups and political institutions shape major economic reforms and long-run economic policy development? In my dissertation, entitled **Interest Groups, Political Institutions and the Development of the American Welfare State**, I analyze this question in the context of American political and economic history. More specifically, each of my three dissertation chapters has a dual purpose: to illuminate specific events or periods of major policy change, and to uncover causal links from institutions and structures of interest groups (notably business groups and organized labor but also regional interests) to economic policy. Together, the three essays span what I consider to be the key periods of welfare state development in the United States: the Progressive Era, the New Deal and the decades following World War II.

I. Public and Private Welfare State Institutions - A Formal Theory of American Exceptionalism

In my main job market paper, I build a model of welfare state development, and use the model to explain why the United States, in comparison with other industrialized nations, has a small public sector but a large “private welfare state” with employment-based social benefits. In the model, economic interest groups (business organizations representing firms and labor unions representing workers) can use campaign contributions to influence a political decision-maker who has to decide whether to implement a universal social benefit, e.g. government-provided universal health care. In addition, the firms can influence the outcome indirectly, by privately providing their own workers with the same social benefit, thereby reducing the interest of the workers and the unions in having it provided universally. Workers receive a positive utility from the policy and would like to see it implemented by the government, unless their employers have provided them with the same benefit directly. The firms, who pay a significant share of the tax burden if the benefit is provided by the government, but place no intrinsic value on its adoption, would prefer not to see it implemented. The model has two industrial sectors, and asymmetries across the two sectors (e.g. in profits) imply that the firms in one sector dislike governmental provision to a greater extent than the firms in the other sector.

This setup leads to three possible outcomes. In the first, no one is provided the social benefit. In the second, all workers receive it through the public sector. In the third, some but not necessarily all of the workers receive the benefit privately, through their employers. I argue that the underlying characteristics of the third equilibrium correspond closely to the industrial features and political institutions of the US, while the second equilibrium is a better description of European countries. More specifically, the model shows that an outcome with (some) private but not public provision is more likely in a country with greater asymmetries across the two sectors. For instance, private provision is more likely in a country where the firms in the modern industrial sector of the economy are particularly profitable as well as capital-intensive, and where the unions in the traditional, non-industrialized sector of the economy are particularly weak. Furthermore, in an extension to the baseline model, I show that this is reinforced by a fragmented political system with multiple veto points. Since these are all characteristics the US economic and political system, in the decades following World War II during which the welfare states grew into their current structures, I claim that the model provides a possible explanation for the unique way in which the American welfare state developed.

II. Bargaining over a New Welfare State - A Model of the Regional Distribution of New Deal Funds (joint with Alessandro Bonatti)

The main goal of the second chapter is to provide a better understanding of how regional characteristics and interests shaped New Deal spending. We do so by carefully considering the constraints faced by the President as a consequence of the separation of powers and of the difference between his objectives and those of the members of Congress. More specifically, we first develop a model of President-Congress interaction which takes into account key institutional features of the US legislative process, including the bicameral nature of Congress. We then use this model to estimate the objectives that determined the distribution of New Deal spending over different regions of the country. More specifically, the distribution of federal funds across different regions of the country is modeled as the outcome of a bargaining game involving the President and the members of Congress. Members of Congress are divided into (three) regions, and care only about their region receiving the largest share possible of the total amount of funds. The President, however, has a potentially wider set of objectives, as he is elected as a representative of the country as a whole, rather than any particular region. Guided by the previous literature on New Deal spending, we assume that the President may have both economic concerns (for the provision of Depression-relief as well as the reform of poor areas) and political motives (for reelection as well as partisanship).

For any set of weights assigned to these different objectives of the President, and any given distribution of seats in the Congress, the model delivers a unique predicted outcome, i.e. a unique predicted distribution of funds over the regions of the country. We combine this theoretical result with the real distributions for several New Deal programs, in order to determine the actual preferences of the Roosevelt administration. We link theory to data and estimate the model's parameters using a simple minimum distance approach. The results indicate that economic concerns (of the President) for relief and recovery, though not necessarily for fundamental reform and long-run development of poor areas, largely determined the allocation of funds to the different regions of the country. The results also indicate that political concerns mattered, in particular concerns for reelection, though probably to a lesser extent.

III. Institutions and Interest Group Influence – Theory and Evidence from the Progressive Era

In the third and final part of my dissertation, I aim to explain why labor legislation during the Progressive Era came to differ significantly among the US states, with a particular focus on the role played by legislative institutions. I am currently in the process of developing a formal model with two key features: First, the status quo is considered inefficient by the major interest groups (in particular business groups and labor unions) and there is scope for efficiency-enhancing legislative action. Not all possible changes, however, lead to Pareto-improvements, and socially beneficial reforms may be politically difficult to enact. Secondly, there is variation in the political institutions, such as the strength of the Governor in the legislative process, and this may matter for the ability of groups with different ideal outcomes to reach a compromise. Once the model is fully developed, I will use state-level variation in the timing of the enactment of new labor regulations during the first decades of the 20th Century, to empirically examine the model's predictions. I have constructed a measure of the strength of the Governor's veto power in each state, and will use this measure to examine the effect of Governors on the speed of legislative change. Preliminary results indicate that differences in legislative institutions did have a significant impact on the success of reform attempts, but more theoretical and empirical work remains before any firm conclusions can be drawn.