

Haliassos, Michael; Jansson, Thomas; Karabulut, Yigitcan

Working Paper

Wealth inequality: Opportunity or unfairness?

IMFS Working Paper Series, No. 161

Provided in Cooperation with:

Institute for Monetary and Financial Stability (IMFS), Goethe University Frankfurt am Main

Suggested Citation: Haliassos, Michael; Jansson, Thomas; Karabulut, Yigitcan (2021) : Wealth inequality: Opportunity or unfairness?, IMFS Working Paper Series, No. 161, Goethe University Frankfurt, Institute for Monetary and Financial Stability (IMFS), Frankfurt a. M.

This Version is available at:

<https://hdl.handle.net/10419/235134>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

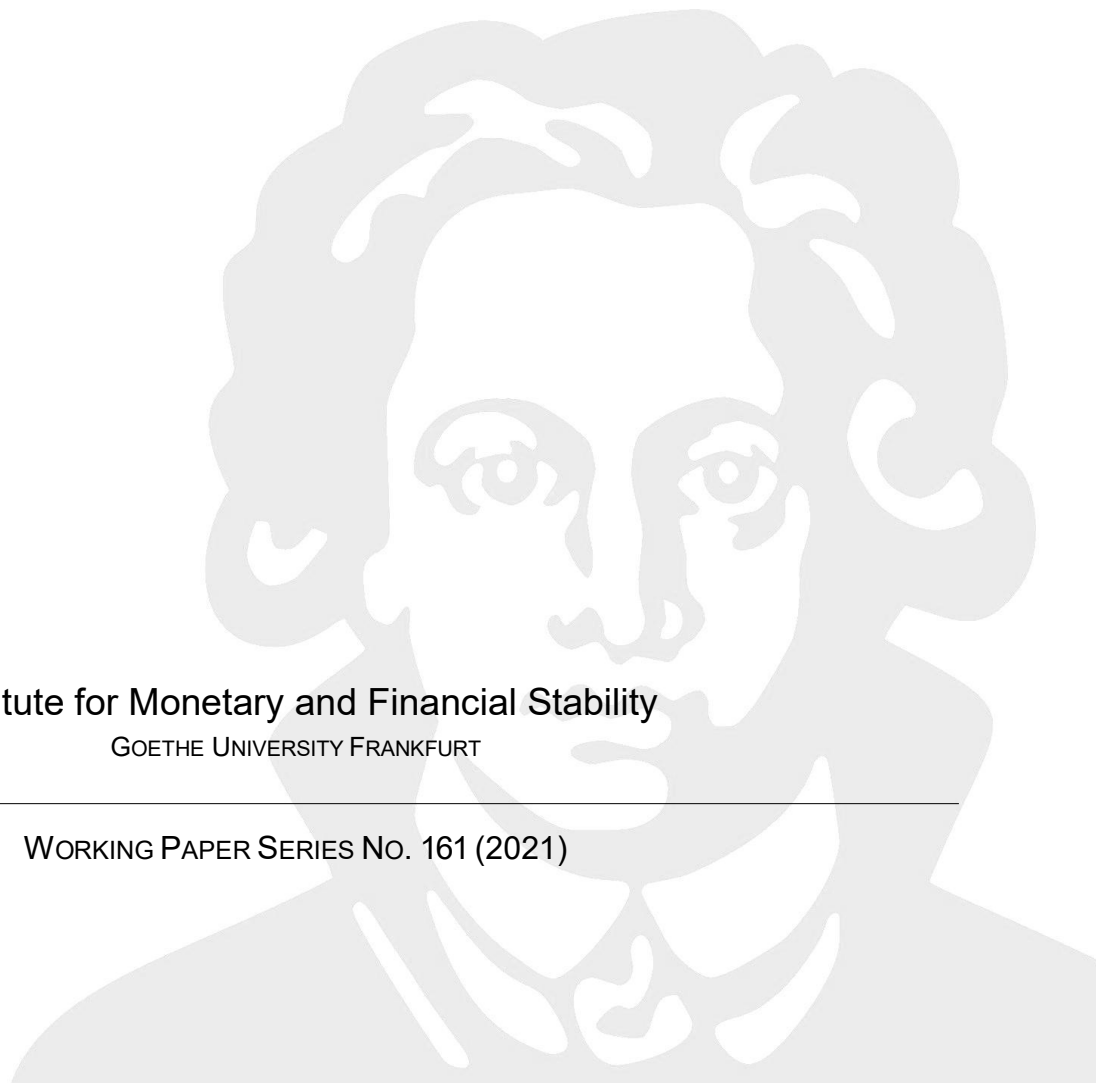
If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

MICHAEL HALIASSOS, THOMAS JANSSON, YIGITCAN KARABULUT

Wealth Inequality:
Opportunity or Unfairness?

Institute for Monetary and Financial Stability
GOETHE UNIVERSITY FRANKFURT

WORKING PAPER SERIES NO. 161 (2021)



This Working Paper is issued under the auspices of the Institute for Monetary and Financial Stability (IMFS). Any opinions expressed here are those of the author(s) and not those of the IMFS. Research disseminated by the IMFS may include views on policy, but the IMFS itself takes no institutional policy positions.

The IMFS aims at raising public awareness of the importance of monetary and financial stability. Its main objective is the implementation of the “Project Monetary and Financial Stability” that is supported by the Foundation of Monetary and Financial Stability. The foundation was established on January 1, 2002 by federal law. Its endowment funds come from the sale of 1 DM gold coins in 2001 that were issued at the occasion of the euro cash introduction in memory of the D-Mark.

The IMFS Working Papers often represent preliminary or incomplete work, circulated to encourage discussion and comment. Citation and use of such a paper should take account of its provisional character.

Institute for Monetary and Financial Stability

Goethe University Frankfurt

House of Finance

Theodor-W.-Adorno-Platz 3

D-60629 Frankfurt am Main

www.imfs-frankfurt.de | info@imfs-frankfurt.de

Wealth Inequality: Opportunity or Unfairness?*

Michael Haliassos, Thomas Jansson, and Yigitcan Karabulut[†]

June 7, 2021

Abstract

This paper presents evidence of a new propagation mechanism for wealth inequality, based on differential responses, by education, to greater inequality at the start of economic life. It is motivated by a novel positive cross-country relationship between wealth inequality and perceptions of opportunity and fairness, which holds only for the more educated. Using unique administrative micro data and a quasi-field experiment of exogenous allocation of households, the paper finds that exposure to a greater top 10% wealth share at the start of economic life in the country leads only the more educated placed in locations with above-median wealth mobility to attain higher wealth levels and position in the cohort-specific wealth distribution later on. Underlying this effect is greater participation in risky financial and real assets and in self-employment, with no evidence for a labor income, unemployment risk, or human capital investment channel. This differential response is robust to controlling for initial exposure to fixed or other time-varying local features, including income inequality, and consistent with self-fulfilling responses of the more educated to perceived opportunities, without evidence of imitation or learning from those at the top.

JEL classification: G5, E21, E44, D31, D1.

Keywords: Household finance, wealth inequality, propagation of inequality, education, opportunity, refugees.

*The views described in this paper are the authors' own and do not necessarily reflect those of the Sveriges Riksbank. We thank Laurent Calvet, John Campbell, Nicola Fuchs Schündeln and Raman Uppal for helpful discussions, conference participants at SEHO 2021, and seminar participants at Goethe University for their comments.

[†]Michael Haliassos, Goethe University Frankfurt, CEPR, and NETSPAR, Theodor-W.-Adorno-Platz 3, PFH32, 60323 Frankfurt am Main, Germany, Email: Haliassos@wiwi.uni-frankfurt.de. Thomas Jansson, Sveriges Riksbank, Email: thomas.jansson@riksbank.se. Yigitcan Karabulut, Frankfurt School of Finance and Management, and CEPR, Email: y.karabulut@fs.de.

1 Introduction

Exposure to wealth inequality and to its considerable skewness in favor of the wealthier population segment provides a signal to individuals who are about to launch their economic life regarding the outcome but leaves interpretation of this signal open. Some participants may interpret an unequal and heavily skewed wealth distribution as an opportunity to reach considerable wealth levels; while others may view it as indicating an unfair process where the cards are stacked in favor of a few "take-all" winners. The motivational implications of these interpretations can be very different: a perception of opportunity may motivate actions to reach high positions in the wealth distribution, while a perception of unfairness may lead to inactivity or actions to limit exposure to risks. Such differential responses may in turn boost the chances of the former to reach the upper part of the wealth distribution, leaving the latter group behind. The resulting placement can validate and reinforce perceptions of fairness or unfairness and also exacerbate the divergence in wealth outcomes over a long horizon.

Important recent work on wealth inequality has shown that those who are wealthier tend to earn persistently higher rates of return on wealth, both expected ([Bach, Calvet, and Sodini, 2020](#)) and actual, even across generations ([Fagereng, Guiso, Malacrino, and Pistaferri, 2020](#)). The finding that those who are ahead in terms of wealth tend to run faster than those behind suggests one channel through which wealth inequality tends to propagate itself. Our paper asks if there is an additional mechanism that propagates wealth inequality and social polarization. Specifically, our paper provides evidence that exposure to greater local wealth inequality at the launch of economic life in the country, even under similar initial resources of the exposed, motivates college-educated people into taking greater risks and achieving higher wealth levels and positions 10-20 years later, while failing to trigger analogous actions by others, who at best try to avoid running into financial trouble. Such divergence in reactions to inequality exposure under similar initial conditions can provide an additional propagating mechanism, leading to further widening of wealth disparities, validation of divergent interpretations of inequality as opportunity or unfairness, and ultimately to social polarization. Our paper tests for the presence of such a propagation mechanism and studies its sources and implications.

The starting point of our analysis is the discovery of a novel pattern of cross-country correlations

between wealth inequality and perceptions of opportunity or injustice, that differs between those with at least some college education and the rest, and that is not observed for income inequality. Using two data sources (OECD and Eurobarometer), we observe that, in countries where a greater share of household wealth is held by the top 10% of the wealth distribution, a greater share of people tend to respond that they perceive equal opportunity for all and that, by and large, people get what they deserve. When we split the sample by educational attainment, however, we find that this positive correlation between inequality and perceptions of equal opportunity and of fairness is present only for those with at least some college education, and not for their less educated compatriots.

Understanding the nature of this relationship and its implications presents a number of challenges. First, there may be unobserved factors about the institutions and structure of some countries that happen to generate greater wealth inequality and at the same time make the more educated people happier about opportunities and fairness, without inequality itself influencing perceptions directly. Second, the observed pattern of correlations between wealth inequality and perceptions may be the result of differential ability of the two education groups to sort into desirable locations. The better educated may have been more successful in sorting into the geographies (environments, institutions, markets) that generate higher inequality and greater opportunities for them, while little such sorting has been possible for the less educated. Third, the educated may have had significant influence on creating the institutional and policy structures that give rise to greater wealth inequality and opportunities for them, and are thus more likely to defend them on the basis of fairness than the less educated, especially when they are seen to generate greater wealth inequality. Or, in highly unequal societies the wealthy have dramatically greater opportunities to become educated and thus to regard the system as fair and open. Further, and perhaps most importantly, it is possible that there is a dynamic element linking wealth inequality, wealth outcomes, perceptions of opportunity and perceptions of fairness. Perceptions of opportunity can inspire actions, resulting in wealth outcomes that validate or revise these perceptions, and also create perceptions regarding fairness. In turn, these can inspire further action or inaction and further outcomes and perceptions, pushing the educated to the top and leaving the less educated behind.

Motivated by this novel pattern of correlations we uncovered and the challenges in interpretation, the paper asks whether and how exposure to local wealth inequality, at the launch of one's economic life in the country and under similar initial resources, tends to influence economic and financial be-

havior and outcomes, including the position in the wealth distribution, in the medium to longer term. It then investigates whether the answer systematically differs between college-educated individuals and the rest.

In order to address the conceptual and econometric challenges posed by such a question, the paper considers a unique, quasi-random field "experiment" of exogenous placement of refugees to different geographical areas upon arrival, focusing on those refugees who had no resources and thus no choice but to accept the apartment assigned to them in the first instance. We study systematic effects of exogenous exposure to different wealth inequality levels in the assigned municipality upon refugee arrival on economic and financial behavior and outcomes ten to twenty years later. We are able to control for aggregate conditions at the time of arrival and at the time behavior is observed, fixed common environmental factors in the municipality of arrival, a set of time-varying features of the initial municipality, its degree of wealth mobility, as well as cultural origins and household characteristics of the refugees. We study the refugees' medium to longer term responses to an environment created by others (the host country and initial municipality) and to which they had to adjust. The data allow us to test for sorting of refugees with certain educational or other characteristics into areas with a particular wealth inequality profile. While most of the refugees had completed their education at the time of entry, those who were too young to do so were facing similar financial conditions after being placed in an apartment.

We find that initial exposure to a greater top 10% share leads to greater wealth levels and cohort-specific wealth percentiles for the more educated refugees in the municipalities exhibiting above-median wealth mobility, while failing to trigger similar effects on wealth outcomes for educated refugees in less mobile municipalities; or for the less educated, regardless of the degree of mobility. We define as "high-mobility" municipalities those that, around the time of initial entry, exhibited below-median probability of the richest to stay at the top.¹ A positive effect of initial exposure to wealth inequality is found on participation in risky financial and real assets and on occupational choice into self-employment, but not on household income, unemployment risk later in life, or investment in human capital. The effect of exposure to wealth inequality is robust to controlling for mean income, mean wealth, and income inequality in the municipality of placement at the time of arrival;

¹Specifically, we split municipalities according to the share of households who were in the top 10% of the municipality's wealth distribution right before the allocation of refugees started in 1986, and who were also in the top 10% of the wealth distribution after the allocation of refugees was completed in 1992.

and for the share of educated people among the wealthiest 10% in the municipality, as a proxy for role model effects. Our findings do not support an imitation or learning mechanism, whereby exposure to greater wealth inequality guides the subsequent choices of refugees. They are consistent with more educated refugees successfully responding to greater perceived opportunities under greater wealth inequality and making choices that confirm these perceptions and propagate inequality.

This interpretation is consistent with, and further amplifies recent literature on greater pessimism of the less educated regarding stock, housing, and self-employment returns, as well as on their more limited ability to generate high returns. On the former, [Kuhnen and Miu \(2017\)](#) and [Das, Kuhnen, and Nagel \(2019\)](#) use experimental data and survey data from nearly forty years of the Michigan Survey of Consumers, respectively, and find that individuals with lower socioeconomic status (SES), in terms of education level and income rank within year-age groups, tend to have significantly lower subjective return expectations.² They note that such pessimism may perpetuate their disadvantaged financial position by limiting their investment opportunity set, and they conjecture that this could also discourage them from starting a new business. On the second issue, a close positive correlation between educational attainment and returns on net wealth and on each of its main sub-components is found by [Girshina \(2019\)](#) in Swedish data and by [Fagereng, Guiso, Holm, and Pistaferri \(2020\)](#) using data from Norway, while [Barth, Papageorge, and Thom \(2020\)](#) find a positive relationship between educational attainment and retirement wealth among US households.

We view our findings as consistent with a multi-pronged approach to addressing the propagation mechanism we uncover, aimed at improving perception of opportunities among the less educated, financial knowledge and ability to handle existing risky investment products, as well as design of securities that help overcome biases, as illustrated in [Calvet, Celerier, Sodini, and Vallee \(2020\)](#). Whether an extension of mandatory education could be added to this arsenal depends on the outcome of the ongoing debate on an exogenous role of education on returns.³

Our work relates to various strands of literature. One link is to the recent literature on wealth inequality. [Benhabib, Bisin, and Zhu \(2011\)](#) showed in a theoretical model that capital income risk (idiosyncratic rates of return) governs the right tail of the wealth distribution, rather than income

²They argue that these account for a large part of the total effect of the SES variables on the decisions to participate in stocks and in homeownership, with estimates of up to 47% and 25%, respectively.

³There is debate as to whether educational attainment has an exogenous effect on returns ([Girshina, 2019](#)) or it is jointly determined with returns by innate ability ([Fagereng et al., 2020](#)), consistent with recent evidence on the importance of genetic markers ([Barth et al., 2020](#)).

risk. [Gabaix, Lasry, Lions, and Moll \(2016\)](#) showed theoretically that persistently high returns can generate distributions with a fat right tail, in the context of both the income and the wealth distributions. The link between higher wealth level and higher returns was documented empirically by [Bach et al. \(2020\)](#), [Fagereng et al. \(2020\)](#), and [Benhabib, Bisin, and Luo \(2019\)](#) using Swedish, Norwegian, and US data, respectively. [Lusardi, Mitchell, and Michaud \(2017\)](#) built a dynamic stochastic intertemporal model of consumption and portfolio choice to study the potential for endogenous investment in financial education to improve expected returns and to account for a significant part of wealth inequality in the US.

The paper also links to the literature on the importance of exposure to macroeconomic conditions for subsequent behavior. [Malmendier and Nagel \(2011\)](#) demonstrate the role of stock return experiences for stock market participation, [Malmendier, Tate, and Yan \(2011\)](#) show that early-life experiences of CEOs influence their corporate financial policies, while [Bernile, Bhagwat, and Rau \(2017\)](#) find a non-monotonic relation between early life exposure of CEOs to fatal disasters and corporate risk taking. [Giuliano and Spilimbergo \(2013\)](#) show that individuals who experienced a recession when they were young tend to believe that success in life depends more on luck than effort, and they are more likely to favor redistribution and to vote for left-wing parties. [Callen, Isaqzadeh, Long, and Sprenger \(2014\)](#) find a preference for certainty in violation of expected utility among subjects in Afghanistan, which is amplified by past exposure to violence. [Kuhnen and Miu \(2017\)](#) and [Das et al. \(2019\)](#) focus instead on the exposure to current macroeconomic conditions and to their variations over the business cycle.

The inequality propagation mechanism presented in this paper is triggered by early exposure to wealth concentration at the top of the wealth distribution, and is established using micro data and controlling for income inequality. Recent literature has considered the role of exposure to *income* inequality, and its consequences for consumption and borrowing behavior. [Georgarakos, Haliassos, and Pasini \(2014\)](#) find that self-reported perception of lower income than the average among peers makes people more likely to borrow and to worsen their financial indicators. [Bertrand and Morse \(2016\)](#) consider exposure to the level of income at the 90th or 80th percentile of the income distribution in the US state of residence and show higher consumption among the non-rich and higher bankruptcy rates on the state level. [Roth \(2021\)](#) uses micro data to examine exposure to top incomes in different reference groups (municipality, workplace, age group, immediate neighborhood)

and shows that insolvency is positively related to the level of top incomes in the reference group. [Agarwal, Mikhed, and Scholnick \(2019\)](#) consider exposure to lottery wins in the same zip code and find higher subsequent borrowing and bankruptcies on the zip code level, while [Kuhn, Kooreman, Soetevent, and Kapteyn \(2011\)](#) document higher consumption among neighbors of zip code lottery winners in the Netherlands. More broadly, the paper links to the fast growing literature on peer effects on financial behavior, recently surveyed in [Gomes, Haliassos, and Ramadorai \(2020\)](#) and in [Kuchler and Stroebel \(2021\)](#).

Our findings on differential financial response of the more educated to wealth inequality in areas with high wealth mobility parallel features of models of motivated beliefs in a just world ([Bénabou and Tirole, 2006](#)), originally built for work behavior and income inequality and redistribution. Such a setup is based on "divergent and yet self-sustaining perceptions of the same reality": some individuals perceive successes of others as signs of a fair world, use those as motivating drivers for their own efforts, and interpret their own successes as ratifying their beliefs. There is strong recent evidence in support of the relevance of the own position for assessing income distributions. [Fisman, Kuziemko, and Vannutelli \(2020\)](#) conduct an experimental study on preferences over income distributions and find that subjects express preferences for income distributions by paying particular attention to incomes at the top of the distribution and to those adjacent to theirs. [Hvidberg, Kreiner, and Stantcheva \(2020\)](#) study perceived and actual positions in the income distribution and find, among several other things, a positive relationship between an individual's current income position and the tendency to view income inequality within the reference groups as fair, along with evidence pointing to a causal link. Finally, the quasi-random experiment of refugee allocation has been fruitfully used in other papers for very different purposes.⁴

Section 2 presents the cross-country correlations between wealth inequality and perceptions of opportunity or fairness. Section 3 describes relevant features of the refugee allocation program and of the data, and Section 4 sets up the estimation model. Section 5 presents the benchmark estimates, while Section 6 explores the mechanism through which exposure to wealth inequality operates. Section 7 concludes.

⁴[Edin, Fredriksson, and Åslund \(2003\)](#) study the consequences of living in enclaves for labor market outcomes. [Åslund and Fredriksson \(2009\)](#) study peer effects in welfare use among refugees, [Åslund, Edin, Fredriksson, and Grönqvist \(2011\)](#) focus on the extent to which immigrant school performance is affected by the characteristics of neighborhoods in which they grew up, while [Haliassos, Jansson, and Karabulut \(2020\)](#) study financial literacy externalities from neighbors with business or economics education.

2 Wealth Inequality and Perceptions

We begin our analysis by establishing a novel relationship between wealth inequality, measured by the share of total household wealth held by those in the top 10% of the wealth distribution, and perceptions of opportunities or unfairness in the population.⁵ Figure I plots the wealth share of the top 10% in each European Union country against the proportion of the corresponding population that agrees with the statement:

"I have equal opportunities for getting ahead in life, like everyone else."

We see evidence of a positive association, with people in more unequal countries being more likely to agree with the presence of equal opportunities for getting ahead in life (see also Table O.A.1). Figure II presents the observed association separately for the two subsamples of respondents in each country, namely those who have had at least some years of college education and those without any college education. Looking at the cross-country relationship, we see that the association between greater wealth inequality and more widespread perception of equal opportunities comes entirely from the more educated subsample. It actually has a statistically insignificant slope when looking at the less educated part of the population across countries.⁶

How is wealth inequality related to perception of fairness of outcomes? Figures III and IV plot the top 10% share of household wealth against the percentage of the total population and of each of the two educational subsamples, respectively, who agree with the statement:

"I believe that, by and large, people get what they deserve."

As we compare countries with lower and higher shares of total household wealth accruing to the top 10% of the wealth distribution, we find that for the overall population, the observed association is positive, but when we split the samples into those with at least some college education and those without any, we find that the positive association holds for the more educated group, while their

⁵The data on wealth inequality are from the OECD wealth distribution database, which reports the most recent available data (for most countries, this refers to 2014-15). The data on perceptions are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

⁶Differences by education group persist to a large extent even if we consider a measure of wealth inequality more sensitive to inequality at the middle of the wealth distribution, namely the Gini coefficient. Figures O.A.1 and O.A.2 exhibit, respectively, a positive association between the Gini coefficient on household wealth and the share of the overall population that perceives equality of opportunity for getting ahead in life, a greater positive slope for the more educated subsample, and a much less tight and only marginally positive association for those without any college education.

less educated compatriots exhibit a statistically insignificant association, actually estimated to be negative.

All in all, those who live in countries with greater shares of household wealth accruing to the top of the distribution and have at least some college education are also more likely to perceive equality of opportunities and fairness of outcomes, while those who live in the same countries but have no college education do not exhibit a similar tendency.

Interestingly, we do not find a similar pattern of relationships between income inequality and perceptions of opportunities and of fairness. Figure V shows that greater income inequality, measured by the Palma ratio,⁷ bears no statistically significant relationship to the share of people in different countries who perceive equal opportunities for getting ahead in life as being open to all. This is also true when we split the sample by educational attainment (Figure VI). The lack of a significant relationship with income inequality carries over to perceptions of fairness. Figures VII and VIII show that, across countries, income inequality is not significantly related to the population share of those who agree that people get what they deserve, even when we distinguish between those who have received at least some college education and those who did not. This suggests that the novel observed relationship between wealth inequality and perceptions of opportunity or fairness is worthy of investigation in its own right and not a mere derivative of how people perceive income inequality.

In trying to uncover the sources and nature of the relationship between the top 10% wealth share and perceptions of opportunity and fairness, it would be interesting to look at wealth outcomes for the different education groups, as perceptions may be related to those. Data on the evolution of wealth shares by education over a longer horizon and across countries are not readily available, to the best of our knowledge. Such tracking is possible with the US survey of Consumer Finances and Financial Accounts, and Figure O.A.7 shows that, between 1990 and 2020, the share of household wealth held by households whose financial respondent had at least a college degree grew at the expense of every other education category, but especially of those without any college education.

Disentangling the relationship between wealth inequality and perceptions of opportunity and fairness introduces various challenges for the empirical implementation. First, there may be unob-

⁷The Palma ratio is defined as the share of household income accruing to the top 10% of the income distribution, normalized by the share of income accruing to the bottom 40% of the income distribution.

served heterogeneity, in the sense of unobserved institutional and environmental factors generating both greater wealth inequality in some localities and responses in outcomes and perceptions among the more educated, without inequality itself influencing perceptions directly. Second, the observed pattern of correlations may be partly be the result of sorting. Third, the educated may have had greater involvement and responsibility in creating the institutional and policy structures that gave rise to greater wealth inequality, and are thus more capable to use them and likely to defend them as fair, especially if they generate greater inequality. Finally, our analysis explores the influence of exogenous allocation to an area with greater top 10% wealth share on behavior and outcomes over the medium to longer run, with implications for the dynamic element in the relationship.

3 The Natural Experiment and the Data

3.1 Important features of the refugee allocation program

We exploit a unique natural experiment: a Swedish policy of exogenously allocating refugees to apartments shortly after they obtained the residence permit, in response to congestion arising from self allocation of refugees in major cities in the past.⁸ The experiment was implemented between 1985 and 1994, but most strictly between 1987 and 1991, the period of entry on which we are focusing. Participation of Sweden’s municipalities in the program was extensive, with 277 out of 284 municipalities participating. The Swedish Immigration Board was authorized to allocate refugees who moved to Sweden for reasons other than family reunification to apartments, as these were becoming available. Using STATIV data, described in section 3.2, we are able to identify precisely the refugees, among migrants to Sweden in the relevant period, who were not being reunited with family members, had limited resources, and therefore little choice but to reside in the apartment allocated by the municipal officers. We are also able to observe any subsequent movements of these refugees to other areas for a period of about 20 years after the initial placement.

Our causal analysis relies on the assumption that, given the observed characteristics of the refugees, the wealth inequality to which they were exposed at the municipality of initial placement is independent of unobserved refugee characteristics that influence the probability of taking specific actions or experiencing specific individual outcomes ten to twenty years later in life.

⁸For further details about this policy experiment, used in another context, see [Edin et al. \(2003\)](#) pp. 333-335.

The way in which the placement program assigned refugees to particular apartments is important for the validity of this identification assumption. Did the Board have information additional to what we observe in the data when allocating refugees to apartments? Importantly, no personal interviews were conducted, and our data include all refugee information available to the Immigration Board when deciding the initial allocation of refugees. According to the process narratives, the Board mainly based its decision on the random arrival of available apartments, but may have also taken into consideration the language spoken by the refugees, their marital status in view of the limited availability of smaller apartments, and their education level ([Åslund and Fredriksson, 2009](#); [Åslund et al., 2011](#)). All three factors are included in our data. Specifically, we control for the country of origin and year of arrival of the refugee, the refugee's education level, marital status, household size, and number of children, in addition to other observable characteristics relevant for financial behavior. The Board also asked refugees to declare their location preferences, and these were not recorded in the data. However, as other studies based on this data have noted, personal preferences of refugees are unlikely to have played an important role in the allocation decision for at least three reasons. First, the program was implemented specifically because the unrestricted free choice of refugees resulted in extreme congestion in major metropolitan cities. Second, the initial refugee allocation generated by the Immigration Board was different from the previous migrant concentration. Finally, about 75 percent of refugees had moved from the place of their initial placement by the year 1999. This move occurred despite the fact that their immediate relocation was essentially precluded by their limited means and short-term benefits, such as language classes; and that they ended up spending an average of 5.4 years in their parish of initial allocation and 8.7 years in their initial municipality.

As a further check of possible sorting, we regress our key measure of wealth inequality (the share of the top 10 percent in total household wealth at the time of refugee arrival) in the initial municipality on characteristics of the refugees observable to municipal officers. As seen in [Table O.A.2](#), we include gender, marital status, household size, having children, educational attainment, and age group controls, as well as municipality, country of origin, and arrival year fixed effects. The measure of exposure to wealth inequality at the time of arrival is independent of initial refugee household characteristics observable to municipal officers, including those they might have reportedly taken into account.

Since we find considerable differences when we split our sample by educational attainment, into those with at least some college education and the rest, we also check the distributions of our measure of wealth inequality for the two refugee subsamples. As Table I shows, the two educational groups faced very similar distributions of our measure of wealth inequality.

Finally, as we describe in detail in section 4, we also include in our model controls for specific time-varying conditions in the municipality of initial placement, as well as for time-invariant factors through fixed effects, and we estimate the effect of initial exposure to wealth inequality net of those conditions.

3.2 The data

We employ two datasets from Statistics Sweden, LINDA and STATIV. The period of interest spans the main years of operation of the immigration allocation program, 1987-1991, to the last year in the period 1999-2007 in which Sweden imposed the wealth tax and was collecting detailed financial data to compute taxable net wealth. This combination of two datasets allows us not only to observe a significant number of refugee households but also to identify those who had little possibility or prospect to not accept the offer of an apartment made by the immigration authorities, at least in the first instance. The advantage of using administrative data collected for the purpose of taxing net wealth is the high quality of reporting, both of the amounts of taxable assets and of debt that could be set off against assets in order to reduce the wealth tax liability. The data are not reported by households themselves, but by the relevant Swedish institutions.

LINDA provides data on an annual sample of 300,000 households (about 3% of the Swedish population), which may include immigrants, and an additional sample of 200,000 immigrant individuals, representing about 20% of all immigrants. Importantly, the data include detailed demographic and financial characteristics, but also precise locational information over the entire period, tracking any relocations. The extensive financial data come from the data collected for purposes of wealth taxation and refer to the period 1999-2007 only. Given that we look at refugees with very limited means at the time of arrival, focusing on their medium to longer run financial profile and outcomes is relevant.

STATIV provides extensive data on immigrants, collected from a variety of Swedish registers. Particularly relevant for us are data on reasons for immigration, allowing us to distinguish between refugee and labor immigrants. Even within refugee immigrants, we are able to focus on refugees who

were admitted for humanitarian reasons and with insufficient resources, and thus had little choice as to whether to accept the apartment offered to them by the immigration authorities, coupled with opportunities for integrating in Sweden (e.g., through language classes). Specifically, we are able to exclude refugees who have come to Sweden for reasons related to work, family ties, studies, other reasons, as well as those with sufficient living supplies. We also exclude those refugee households who first appear in LINDA with an adult member previously residing in Sweden or holding Swedish citizenship. As an extra step, we only consider immigrant households that first appear in LINDA in the year of immigration or in the immediately following year.

We also make sure that, for households included in the final sample, we can observe both the initial location and the full set of locations in the 1999-2007 period, as well as the year of arrival and the country of origin.

After taking all these steps to avoid misclassifying immigrants, we end up with a final sample of about 5,074 refugee immigrants per observation year (i.e., in the period 1999-2007). More than half of our refugee sample entered Sweden in 1988 or 1989, and relatively few entered in 1991, with all remaining refugees in the sample arriving in 1987 or 1990. Iran was the country of origin for the largest group of refugees (about 28% of the sample), but other relatively large groups came from Chile (about 12%), Iraq and Lebanon (about 8% each).

4 The Estimation Model

We study the effect of exposure to wealth inequality, $WINEQ_{m0}$, as reflected in the share of household wealth owned by the top 10% of the wealth distribution in the municipality of initial placement, m , at the time of the refugee's arrival, $0 \in [1987, 1988, 1989, 1990, 1991]$,⁹ on various outcomes observed about ten to twenty years later, at time $t \in [1999, 2000, \dots, 2007]$. These outcomes are, in turn, the level of net wealth, its ratio to labor income, the percentile of the net wealth distribution, the level of household labor income, and the probability of being unemployed in this later period. We also study the effect of exposure to wealth inequality at the launch of the refugee's economic life in Sweden on participation in various types of assets and debt in the 1999-2007 period. The behavior considered is relevant for generating net wealth and refers to stockholding, owning a business or

⁹We compute this top 10% wealth share from the full LINDA sample, by municipality and year of arrival. As this is taxable net wealth, it is bounded below by zero.

practice (as indicated by self employment), homeownership, household debt, and its ratio to labor income. Each of these variables appear, in turn, as the dependent variable, Y_{ikm0t} , in our regressions, where i denotes the household, and k the country of origin of the household head:

$$Y_{ikm0t} = \alpha_1 \cdot X_{ikm0t} + \alpha_2 \cdot X_{m0} + \beta \cdot WINEQ_{m0} + \gamma_m + \gamma_k + \gamma_0 + \gamma_t + \epsilon_{ikm0t} \quad (1)$$

In estimating the impact of this early exposure to wealth inequality, β , we control for various observed characteristics of the household, X_{ikm0t} . These include the age category and gender of the household head, the occupational status (distinguishing between those who are employed, unemployed, retired, or students), the marital status, the household size and adult-children composition, as well as the educational attainment of the household head (less than high school, high school certificate, or at least some college education).

We introduce a municipality fixed effect, γ_m , to account for time-invariant institutional and other environmental features of the municipality where the refugee was initially placed, that may have been relevant for household choices and later outcomes (correlated effects).¹⁰ We are identifying the effect of exposure to wealth inequality from time variation of the wealth inequality measure over the range of years of initial settlement, 1987 to 1991. Figures IX to XIII give a visual impression of this time variation, when viewed in sequence. In robustness exercises, we also introduce controls for other time-varying features of the initial municipality, X_{m0} , with $0 \in [1987, \dots, 1991]$, namely average wealth, average household income, and income inequality, so as to avoid that our wealth inequality measure simply reflects such other potentially relevant factors that were also changing over the refugee arrival period.

In order to control for macroeconomic and other time varying aggregate factors, we include further time effects: for the arrival year of the refugee, γ_0 , and for the observation year of the endogenous variable, γ_t . Finally, we introduce a fixed effect for the country of origin, γ_k , to capture language and other cultural considerations that may systematically influence refugee outcomes and economic choices, as well as social and professional interactions.

We present OLS regression coefficients when the endogenous variable is continuous, and coeffi-

¹⁰Sweden had 284 municipalities at the time of implementation of the program, of which 277 participated in the refugee allocation process. Subsequent antagonism within some municipalities resulted in the somewhat larger number of 290 observed today.

cients from linear probability models when we study participation or unemployment probabilities. As placement in the initial municipality was exogenous to the refugee and implemented by the immigration authorities, we do not need to instrument initial wealth inequality to isolate the causal effect of interest. For skewed continuous variables, such as wealth and income, that may also include zeros, we adopt the inverse hyperbolic sine (IHS) transformation, which admits an elasticity interpretation for coefficients. We correct standard errors through clustering at the initial municipality level. Our estimation allows wealth inequality in the initial municipality to influence subsequent outcomes and economic behavior through various channels other than those for which we explicitly control.

5 Effects of Exposure to Wealth Inequality

5.1 Effects on economic outcomes

In this section, we present our findings regarding the effect of initial exposure to local wealth inequality. We include municipality fixed effects to capture relevant features of the environment, and we identify the effects on various wealth and labor market outcomes observed about 10 to 20 years later (1999-2007) out of the variation in top 10% shares across the five arrival years (1987-91). This time variation for each municipality is depicted graphically in Figures IX-XIII by means of successive geographical heat maps of Sweden. We also include fixed effects for the refugee arrival year, outcome observation year, as well as country of origin.

In our estimations, we consider the full sample, as well as separate regressions on each of the two education subsamples.¹¹ We find no overall systematic effect of initial exposure to inequality on either the level of net wealth or on the wealth rank of the refugee household in the relevant year (1999-2007).¹² Interestingly, when we divide the population into the two education subsamples, we find a strongly statistically significant effect on the wealth level and percentile of those who had at least a college education, but no statistically significant effect in the less educated subsample (Tables II and III).

¹¹To compute the estimated effect of a one-standard-deviation change in the initial wealth inequality to which the refugee was exposed upon settlement, we need to multiply the coefficient estimate by 0.084, which represents this standard deviation of 8.4 percentage points. When the outcome variable is expressed in IHS, this represents a semi-elasticity.

¹²The wealth rank is the percentile in which the refugee household finds itself in the net wealth distribution among all sampled households in LINDA with the same birth year, regardless of the origin of the household head. Thus, it can be thought of as comparing the refugee household to all households in Sweden whose household head had the same age in the year of observation.

Do educated refugees respond more to particularly high levels of wealth concentration in the top 10% of the wealth distribution? In our data, the wealth concentration observed in different municipalities ranges from 31% to 76%. In unreported regressions, we have replaced the continuous measure of the top 10% wealth share with (three) quartiles of the size of this share. We find that initial exposure to wealth inequality registers significantly higher effects on the subsequent wealth level of refugees and on their position in the cohort-based wealth distribution when the top 10% share takes values in the third or fourth quartiles, i.e., when it falls in the range between 54% and 76% in our data.

One may suspect that initial exposure to wealth inequality may influence labor market choices in an effort to boost labor income and to reduce unemployment risk, eventually allowing the more educated to build up higher levels of wealth and attain a higher percentile in the wealth distribution. However, our findings in Tables IV and V suggest that exposure to greater wealth inequality does not systematically result in higher labor income or lower probability of unemployment in the medium to longer term, even for the more educated population group. Indeed, we also find a significant positive effect of initial exposure to wealth inequality on the wealth-to-income ratio for the more educated group but not for those without any college education (Table VI).

5.2 Effects on household choices

If exposure to wealth inequality at the launch of their career does not influence households' potential for wealth accumulation through higher labor income or improved prospects of reducing the risk of unemployment, it can still influence the path of cash on hand through its influence on portfolio composition. Specifically, a household perceiving greater wealth inequality may be induced to undertake greater private risk through entrepreneurship, or self employment more generally. Indeed, Roussanov (2010) showed that investing in a private business would be an optimal response to status concerns, in an objective not just to keep up or catch up with the Joneses, but actually to "beat" them. Such a motive encourages one to engage in private risk, so as to get rich alone, if things do work out. This need not only apply to entrepreneurs but also to self-employed professionals, such as lawyers or medical doctors, who attempt to make it on their own. In our data, we observe self employment, as opposed to a breakdown between these two categories. Table VII reports estimates of the effect of exposure to wealth inequality on the likelihood to be self employed, for the overall population and

for the education split, both with and without a control for the household's position in the wealth distribution at the observation time. Regardless of whether we control for current wealth quartile, we find a significant effect of initial exposure to wealth inequality on the probability of becoming self employed for the overall population. This effect, however, is traced to the subsample of those with at least some college education, while it is insignificant for those without any college education.

While trying to get richer than their peers can push people towards private risk, stockholding opportunities are more widely accessible and do not require sizable investments, while opening up greater possibilities for risk diversification. Indeed, aggregate data for a number of financially developed countries, including Sweden and the US, show that stocks and mutual funds comprise a much bigger part of the portfolios of college graduates than of any other education category.¹³ Table VIII presents estimates of the effect of initial exposure to wealth inequality on the probability of exposed households to hold stocks in their portfolio later in life. Our estimates suggest that only those who had at least some college education and were exposed to greater wealth inequality in the municipality of their initial placement were systematically more likely to be holding stocks in the medium to longer run.

A home is an asset and an important component of wealth for most homeowners, but it can also be a source of status, in addition to the housing services it provides to the owners. Table IX reports estimates of the role that exposure to wealth inequality in the municipality of initial placement plays in homeownership observed in the medium to longer run. These estimates control for marital and occupational status, age, and household size, in addition to the full set of fixed effects. Estimates in even columns also control for one's position in the wealth distribution and for level of income. When we look at the overall sample, we find no significant systematic effect of the initial exposure to wealth inequality. When we split the sample, however, we find a strongly statistically significant effect of initial exposure on the probability of subsequent homeownership among those with at least some college education. By contrast, we find no systematic effect on the incidence of homeownership among those who were exposed to greater wealth inequality but did not have any college education.

For given level of assets, net wealth can also be boosted by keeping debt levels low. We have already seen in Table VI that greater exposure to wealth inequality leads to a higher wealth-to-

¹³Overall stock market participation among households is greater in Sweden than in the United States, and it is in fact the largest in the world.

income ratio for the more educated households. Table X presents our corresponding estimates for the debt-to-income ratio observed later in life. Interestingly, here we find that initial exposure to wealth inequality has an estimated positive (but insignificant) effect on the debt exposure of those with at least some college education, but it does have a statistically significant moderating effect on the debt exposure of those without any college education, controlling for household characteristics and the full array of fixed effects.

Taken together, our estimates imply that exposure to greater wealth inequality at the launch of their career motivated those with at least some college education to take on more financial and real risk, while it failed to have a similar effect on those without any college education. The tendency of the latter to participate in risky financial or real assets appears to be unresponsive to the wealth inequality they experienced, but what does seem to respond systematically is the level of their debt exposure, measured by the debt-to-income ratio. For debt, we observe a mitigating effect. Since we also control for the contemporaneous position in the wealth distribution, these findings are consistent with the less educated trying to reduce the possibility of financial distress rather than taking advantage of wealth-generating opportunities.

6 Understanding the Mechanism

In this section, we describe various exercises with a view to sharpening our understanding of the underlying mechanism that links exposure to greater wealth inequality at the launch of the career in Sweden to the various outcomes we have described.

6.1 Is wealth inequality proxying for other municipality characteristics?

In our analysis, we have stressed the importance of exposure to wealth inequality in the municipality of initial placement, or more broadly at the launch of one's career in the country. Could it be that the share of household wealth going to the top 10% of the wealth distribution merely proxies for other key features of the initial municipality and it is these features that actually produce the observed effects? For example, refugee households may be responding to how wealthy municipality residents are on average, rather than to the concentration of household wealth at the top of the distribution. Or they may be responding to the level of average income in the municipality. Yet another possibility

is that they are responding to income inequality and wealth inequality serves as a proxy for that.

Table O.A.3 reports regression estimates that include, in addition to the usual controls and fixed effects, controls for mean wealth, mean income, and income inequality (measured by the share of total household income received by the top 10% of the income distribution) in the municipality of initial allocation (columns 1-3, respectively). The top panel refers to the (inverse hyperbolic sign of the) level of net wealth, while the bottom panel refers to the percentile of the refugee in the wealth distribution during the years of observation of financial behavior (1999-2007). We see that the pattern of effects of exposure to wealth inequality is unaffected by inclusion of these additional controls. Indeed, none of the three additional controls are statistically significant for the better-educated subsample.¹⁴

Similarly, Table O.A.4 shows that our finding, that exposure to greater wealth inequality does not operate by influencing labor market outcomes, such as earnings levels attained and the likelihood of unemployment in the medium to longer run, is not an artifact of failing to account for these other features of the initial municipality, which actually turn out to be statistically insignificant.

Table O.A.5 examines robustness of our findings on risk taking in occupation (panel 1), financial assets (panel 2), and homeownership (panel 3). In all panels, we find the same pattern of effects of initial exposure to wealth inequality across the full sample and the two education subsamples, with initial wealth inequality encouraging all forms of risk taking only among the more educated refugee households. Moreover, the three additional controls turn out to be insignificant for self-employment and stockholding participation across all three samples considered. Exposure to greater initial income inequality shows up as discouraging homeownership among the less educated, while initial mean income has a statistically significant but quantitatively very small estimated effect. Taken together, these findings suggest that wealth inequality is not a mere proxy for the overall standing of the municipality in terms of wealth and income nor for its income inequality, and that its relevance for the more educated is robust.

Finally, Table O.A.6 examines robustness of our findings on the ratios of gross financial wealth to income (panel A) and of debt to income (panel B). The findings reported in panel A confirm that exposure to initial wealth inequality encourages subsequent attainment of higher wealth to income

¹⁴Initial mean income shows up as significant when initial wealth inequality does not play a systematic role, but higher initial mean income actually pushes in the opposite direction, discouraging wealth accumulation and lowering the subsequent position of the refugee household in the net wealth distribution.

ratios only among the more educated. However, the bottom panel shows that our finding that the less educated tend to limit their debt exposure relative to their income when faced with greater initial wealth inequality, is not robust when we also control for mean income in the municipality of initial placement. Interestingly, this finding on (lack of) robustness is more in line with the overall picture our results paint for responses of the less educated to experiencing greater wealth inequality at the launch of their careers in the country, namely a lack of significant response.

6.2 Wealth inequality exposure and mobility

Our findings are consistent with more educated refugees interpreting wealth inequality at the initial municipality as suggesting opportunities for them to attain higher wealth levels. As our administrative data do not include elicited perceptions of refugees regarding opportunities to rise to the upper part of the wealth distribution, we cannot test directly for the presence of this link between exposure to wealth inequality and perceptions of opportunity. We therefore take an indirect approach, exploiting our ability to observe the actual degree of wealth mobility in the municipality of initial placement around the time of arrival.

More precisely, we compute the share of households who were in the top 10% of the municipality's wealth distribution right before the allocation of refugees started, i.e., in year 1986, and who were also in the top 10% of the wealth distribution right after the allocation of refugees was completed, in year 1992. We find that, across all municipalities, the median value of this share was about 67%. We then distinguish the municipalities of arrival into two groups: the "more mobile" ones, where the share of the initial wealthy in 1986 that remained in the top 10% of the distribution in 1992 was below the median of 67%; and the "less mobile", where this share was above the median. We rerun our benchmark estimations separately for these two sets of initial municipalities.

We find that our benchmark estimates (reported in Tables [O.A.7](#) to [O.A.10](#)) are in general robust in the group of municipalities where greater wealth mobility is observed around the arrival times of refugees, while exposure to greater wealth inequality does not generally contribute to better outcomes or more risk taking even among the more educated households in the less mobile municipalities.

Specifically, Table [O.A.7](#) reports that exposure to greater wealth inequality tends to lead to larger wealth levels and to attainment of higher percentiles in the cohort-based wealth distribution later in

life, but this systematic link is present only for the more educated refugees that arrive in municipalities with greater mobility. By contrast, Table O.A.8 not only confirms our benchmark finding that initial exposure to greater wealth inequality does not affect the subsequent level of earnings or the probability of unemployment, but it also shows that this finding has little to do with the degree of wealth mobility in the region.¹⁵

Table O.A.9 shows that our benchmark findings on the positive role of exposure to wealth inequality for self employment, stockholding, and homeownership later in life are present only in the more mobile initial municipalities, consistent with opportunity playing a key role in activating these risky choices. Lastly, Table O.A.10 shows that the effects of exposure found in our benchmark analysis on the financial wealth-to-income ratio and on the debt-to-income ratio are not present among those allocated to municipalities with more limited wealth mobility.

All in all, our sample split by the degree of wealth mobility in the initial municipality points to a more nuanced overall interpretation of our findings, but also one that is more consistent with the role of opportunity. Being exposed to greater wealth inequality at the start of their careers in areas exhibiting high wealth mobility tends to make educated households more likely to take on risks in the occupational, financial and real asset domain, and to attain higher wealth levels and higher positions in the cohort-specific wealth distribution. This can be viewed as evidence of a propagation mechanism, whereby exposure to greater wealth inequality and wealth mobility tends to lead to greater risk taking by educated people with access to higher returns, who end up with higher wealth levels and positions. In this sense, greater wealth mobility and inequality beget greater mobility and inequality, given the non-response of less educated households in the same areas and of all households in less mobile areas.

The non-response of the less educated when they are confronted with greater wealth inequality at the launch of their careers even in areas of high mobility raises the question of whether they fail to perceive existing opportunities or they are bound by constraints. We will provide some evidence in support of the idea that less educated people are likely to have greater difficulty observing opportunities and prospects for wealth mobility in general, compared to their more educated counterparts in section 6.6. To gain some understanding of whether the less educated respond in areas exhibiting

¹⁵We find one statistically significant coefficient, implying that better-educated refugees arriving in low-mobility regions with greater wealth inequality end up with lower probability of unemployment later on.

higher mobility opportunities for them, we split municipalities based on the (above- or below-median) wealth mobility specifically of those without college education. In unreported regressions, we have found that the less educated in these areas are significantly more likely to enter into self employment, but no more or less likely to invest in risky financial or housing assets. Despite this greater tendency for self employment, though, their exposure to greater inequality does not lead to higher levels of subsequent wealth or positions in the cohort-specific wealth distribution. This suggests that even when mobility opportunities are available to the less educated, they fail to use them effectively in order to boost their wealth level and ranking.

If the more educated are able to attain higher returns, then this could provide a plausible rationale both for the more limited response of the less educated to perceived opportunities and for their failure to turn any responses into success. Indeed, a number of recent studies find a positive link between educational attainment and returns. A close positive correlation between educational attainment and returns on net wealth and on each of its main sub-components is found by [Girshina \(2019\)](#) in Swedish data and by [Fagereng et al. \(2020\)](#) using data from Norway, while [Barth et al. \(2020\)](#) find a positive relationship between educational attainment and retirement wealth among US households.

Is education an independent causal factor for higher returns among the more educated? The answer to this question is relevant for whether there is room for educational policy per se to improve opportunities for those who currently are, or would otherwise be less educated. Here views differ. [Girshina \(2019\)](#) uses three alternative instruments, namely family background and ability, within-siblings variation in educational attainment, and a reform of compulsory schooling to argue for a causal effect of education. [Fagereng et al. \(2020\)](#) employ an exogenous increase in schooling requirements from 7 to 9 years and show that, in their data, the correlation between educational attainment and returns disappears in IV estimation. They argue that the positive relationship between education and returns reflects a correlation between innate wealth management ability and educational attainment, with the former being ultimately responsible for the higher returns to wealth and its components. [Barth et al. \(2020\)](#) find that average US household polygenic scores (predictive indices aggregating multiple genetic markers) robustly predict educational attainment as well as retirement wealth in the US Health and Retirement Survey. Higher polygenic score households are found to be more likely to invest in stocks and in private businesses.

The continuing debate on whether the level of educational attainment is an independent factor that generates opportunities for more profitable participation in risky assets and eventual wealth creation, or a joint outcome of innate abilities for wealth management is important for whether extensions in compulsory education are part of the arsenal to mitigate the source of propagation of wealth inequality that we find.

6.3 Investment in human capital

In refining our understanding of the link between being college educated and responding to greater wealth inequality in the ways we have found, it may be useful to distinguish between education obtained prior to arriving in Sweden and that obtained after being exposed to the initial municipality. In particular, we want to know whether such additions to human capital were causally linked to exposure to greater wealth inequality in the initial municipality.

Out of the 5,031 individuals we include in our sample, 1,261 (or 25% of the total) added at least one year of education between arrival and year 2000, the latter being the reference year we use for our education sample splits. At least half of those who pursued education after arrival were 25 years of age or younger when they arrived in Sweden.¹⁶ We run a regression to examine whether exposure to initial wealth inequality significantly influenced the number of years of schooling accomplished between individual arrival and year 2000, controlling for demographics and income at time of arrival, and for fixed effects of municipality, arrival year and of cultural factors proxied by country of origin.

Table [O.A.11](#) reports our findings for the full sample and for a sample breakdown based on whether the household head had attained at least some college education by year 2000. Our estimates do not support a significant role of initial exposure to wealth inequality in determining the size of investment in human capital after arrival in Sweden. We conclude from this that the differential behavior we observe by education group is not in any significant way the result of human capital investment in response to exposure to initial wealth inequality, even though part of the sample had not completed their education by the time of arrival in the initial municipality.

¹⁶The data include a few negative observations, which represent downgrading of educational qualifications after proper examination of their level by the Swedish authorities. We have set those to zero, as they do not represent investment in human capital.

6.4 A role model effect?

In this section we examine whether the effects of exposure to inequality on the educated refugees represent a role model effect. Specifically, we examine whether the share of those with at least some college education in the initial municipality's wealthiest 10% motivates the more educated refugees to emulate those successes as "role models".

Tables O.A.12 to O.A.15 introduce this share alongside the initial wealth inequality measure. We find that introduction of this additional control does not affect the sign or significance of initial wealth inequality found in our benchmark regressions. Wealth inequality in the initial municipality influences educated refugees in a similar way, even when we control for how successful educated people have been in general. In addition, the share of educated among the wealthiest does not have a significant effect on the subsequent level or rank of net wealth of either group of refugees.¹⁷ These results suggest that the presence (or absence) of role models does not seem to be the source of our exposure effects.

However, we do find evidence that exposure to a higher share of educated people among the top 10% of wealthy has a positive effect on stockholding participation among the more educated, and a mitigating effect on their debt-to-income ratio later in life. These findings provide some scope for learning from, or imitation of the rich to contribute to the actions taken by the more educated refugees. We investigate the possible role of learning or imitation more broadly in the next section.

6.5 Imitation and learning from the rich

It is possible that the tendency of the more educated to respond to greater inequality by being more likely to engage in self-employment, stockholding, and homeownership can be attributed, at least partly, to imitation or learning from the rich. Maybe the educated refugees responded to greater inequality in these ways because the prevalence of such practices was greater in municipalities with a higher share of total wealth owned by the top 10% of the distribution, and there was greater scope for the refugees to imitate or learn from them.

Tables O.A.16 to O.A.18 introduce, as additional control to our regressions regarding the tendency to undertake self employment, stockholding, and homeownership risk, the respective shares of the

¹⁷The share of the more educated among the wealthy does not affect the subsequent earnings level, either, but it registers a mitigating effect on unemployment risk among the better educated.

wealthiest 10% in the initial municipality who made each choice. We see that none of these shares is statistically significant, in the full sample or in either of the two subsamples, while our benchmark measure of wealth inequality retains its role for the more educated subsample.

We examine further if initial exposure to greater wealth inequality helped the refugees to avoid investment mistakes, such as under-diversification or sluggishness in rebalancing their portfolios. Table O.A.19 reports estimates of the effect of greater initial exposure to wealth inequality on the extent of subsequent diversification and of portfolio adjustments. The former is proxied by the share of directly held stocks in the stock portfolio, while the latter follows Calvet, Campbell, and Sodini (2009) in considering the absolute change in the risky portfolio share since the previous period. As indicated in the Table, we find no evidence of such beneficial learning effects on the subsequent financial behavior of refugees.

These findings argue against pure imitation, emulation or learning being the driving forces behind the effects of exposure to wealth inequality on the choices made by the more educated refugees in later life. They are consistent, however, with the more educated interpreting greater wealth inequality as an opportunity to attain higher wealth levels and deciding to take on greater occupational and asset risks in an effort to attain them. They are also consistent with the educated doing so because they have a greater innate ability to manage risky assets and debt and to generate wealth, compared to the less educated. Finally, the lack of support for a learning effect from being exposed to greater wealth inequality per se does not necessarily imply that learning from others in general has no beneficial or motivating effect on financial behavior.

6.6 Observability of wealth inequality and mobility

Our findings highlight the responsiveness only of educated refugees to the top 10% wealth share at the time of entry and to the degree of wealth mobility in the municipality. Are there directly observable data or systematic links between observable features of the municipality, wealth inequality, and wealth mobility? Are there reasons to believe that educated refugees would have greater access to those or ability to infer inequality and opportunities relative to their less educated counterparts?

In Sweden, it is in fact possible to observe wealth levels in the municipality directly. There are public listings of wealth levels by name for those informed and interested to check. It is our conjecture that less educated refugees would be much less, if at all, in a position to know about and

to use this resource. On the issue of systematic links between the objects of interest and more readily observable municipality characteristics, we present two sets of regression estimates in Table O.A.20.

The first two columns present panel OLS regressions of the top 10% wealth share in the five years of refugee arrival on contemporaneous time-varying characteristics of the municipality, as well as on municipality fixed effects and (in column 2) time fixed effects. We see that a relatively small number of variables likely to be observable by arriving refugees correlate significantly with the time-varying part of wealth inequality in the municipality and explain a large part of the variation. These are the shares of college graduates, homeowners, and stockholders, the average income, and house price inflation, together with macro conditions in the arrival year. While the number of new firms founded is positively correlated with wealth concentration at the top, greater shares of college graduates, of stockholders, and of homeowners are negatively related to wealth concentration. Those that are able to draw the link between wealth concentration and more widespread asset ownership and education are more likely to perceive local inequality.

Table O.A.20 also raises a subtler possibility, that links to our discussion on perceptions of opportunity by the less educated in section 6.2. We have found that the less educated refugees are unresponsive to the top 10% wealth share even in areas that were classified as exhibiting considerable mobility. Columns (3) and (4) of Table O.A.20 show regressions of the indicator of wealth mobility that we used to split the sample of municipalities into high- and low-mobility subsamples, on various municipality characteristics. This indicator of mobility and opportunity is the probability of a municipality resident who was not in the top 10% of wealthy in 1986, one year prior to the first arrivals, to be in the top 10% in 1992, after the entry of refugees in our sample was completed. Based on these estimates, the share of wealth held by the top 10% is a strong (negative) indicator of mobility in itself, while some further insights can be gained by observing the inflow of new firms, house price inflation and the share of college educated locals. All three such indicators are positively related with the proxy for wealth mobility that we used for the sample split.

Nevertheless, as numerous studies have found, cross-sectional heterogeneity is typically difficult to relate to a small number of systematic factors, and this is also true in the case of wealth mobility here, as indicated by the low R-squared values. Even if the less educated were somehow alerted to the importance of these factors, their mere observation would not be very informative about mobility opportunities. Inferring those is likely to require information gathering, e.g., from extensive

discussions with informed local peers. One would expect less educated refugees to be much less able to collect and distill such information, and consequently to be less likely alerted to available opportunities than their more educated counterparts.

7 Conclusions

This paper is motivated by a novel pattern of positive correlations between the share of household wealth owned by the top 10% of the wealth distribution and perceptions of equality of opportunity and fairness. These are statistically significant only among those with at least some college education, but not among the less educated subsample across countries. Using a unique quasi-random field experiment, in the form of a refugee allocation program in Sweden over the period 1987-1991, and detailed data on refugee and other households over a horizon of about 20 years, the paper studies whether and how exposure to wealth inequality at the launch of one's economic life tends to influence economic and financial behavior and outcomes 10 to 20 years later, distinguishing between two education groups.

We find that those with at least some years in college tend to respond to this initial exposure by being more likely to choose self employment, to hold risky financial and real assets, and to reach higher levels of wealth and positions in the wealth distribution. By contrast, those less educated tend to be largely unresponsive to their initial exposure to wealth inequality in the aspects of economic and financial life we examine, except perhaps for reducing their debt levels and ratios over the medium and longer runs. In robustness analysis, we also find that wealth inequality is not a mere proxy for the overall standing of the municipality in terms of mean wealth and mean income nor for its income inequality.

Asymmetry in response is consistent with exposure to greater wealth inequality leading the more educated to perceive more opportunities, motivating them to take actions that result both in higher levels of wealth and confirmation of their perceptions. The link between inequality and opportunity is supported by our findings that the effects of wealth inequality exposure on the more educated are only present in municipalities that exhibited above-median mobility in the top 10% of the wealth distribution around the arrival time of refugees. Where mobility opportunities were more prevalent, the educated responded and were able to alter their choices of risky assets and occupation, ultimately

securing higher levels and positions in the wealth distribution. Our findings do not support interpretations of exposure to inequality as operating through "role model" effects or through imitation or learning and thus contributing to the subsequent economic and financial choices of refugees.

What should we make of the failure to respond to greater wealth inequality? The successful response of educated refugees in high-mobility areas suggests that their lack of response in low-mobility areas is likely to be explained by constraints to mobility rather than by lack of perception or ability. We find that the less educated fail to respond to wealth inequality in a similar manner, even in areas where mobility opportunities for the less educated are greater; and that inferring local mobility is likely to require significant information gathering and processing. Thus, our findings suggest that the lack of response by the less educated is likely attributable to a combination of more limited ability to earn higher returns through participation in risky assets and of greater difficulty in assessing local mobility opportunities due to informational requirements, possibly augmented by the greater pessimism associated with lower SES.

The differential reaction to wealth inequality at the launch of one's career in the country, which boosts the wealth level and position of the more educated in the areas of greater mobility but fails to trigger similar outcomes among the less educated, tends to widen wealth inequality, boost the representation of the more educated at the top of the wealth distribution, and reaffirm their financial and economic choices. This sets the stage for perpetuation of differential response to wealth inequality and for further propagation of wealth inequality and of the concomitant social polarization.

Our findings on differential responses to wealth inequality depending on educational attainment do not necessarily imply that there is a simple way to limit this source of propagation, e.g., by extending the mandatory minimum years of education. Although education is largely predetermined in our refugee sample and we have shown that it is not influenced by the initial exposure to wealth inequality, it need not be causal for higher returns, and some (though not all) recent studies argue that it is not. Taken together, our findings suggest instead that it is more promising to configure a multi-pronged approach, that improves perception of opportunities among the less educated, as well as their ability to generate higher returns through participation in risky assets, including ones that are suitably designed to limit behavioral biases and investment mistakes.

References

- Agarwal, Sumit, Vyacheslav Mikhed, and Barry Scholnick (2019). Peers' Income and Financial Distress: Evidence from Lottery Winners and Neighboring Bankruptcies. *Review of Financial Studies* 33(1), 433–472.
- Åslund, Olof, Per-Anders Edin, Peter Fredriksson, and Hans Grönqvist (2011). Peers, neighborhoods, and immigrant student achievement: Evidence from a placement policy. *American Economic Journal: Applied Economics* 3(2), 67–95.
- Åslund, Olof and Peter Fredriksson (2009). Peer effects in welfare dependence: Quasi-experimental evidence. *Journal of Human Resources* 44(3), 798–825.
- Bach, Laurent, Laurent E. Calvet, and Paolo Sodini (2020). Rich pickings? risk, return, and skill in household wealth. *American Economic Review* 110(9), 2703–2747.
- Barth, Daniel, Nicholas W. Papageorge, and Kevin Thom (2020). Genetic endowments and wealth inequality. *Journal of Political Economy* 128(4), 1474–1522.
- Bénabou, Roland and Jean Tirole (2006). Belief in a just world and redistributive politics*. *Quarterly Journal of Economics* 121(2), 699–746.
- Benhabib, Jess, Alberto Bisin, and Mi Luo (2019). Wealth distribution and social mobility in the US: A quantitative approach. *American Economic Review* 109(5), 1623–1647.
- Benhabib, Jess, Alberto Bisin, and Shenghao Zhu (2011). The distribution of wealth and fiscal policy in economies with finitely lived agents. *Econometrica* 79(1), 123–157.
- Bernile, Gennaro, Vineet Bhagwat, and P. Raghavendra Rau (2017). What doesn't kill you will only make you more risk-loving: Early-life disasters and CEO behavior. *Journal of Finance* 72(1), 167–206.
- Bertrand, Marianne and Adair Morse (2016). Trickle-down consumption. *Review of Economics and Statistics* 98(5), 863–879.
- Callen, Michael, Mohammad Isaqzadeh, James D. Long, and Charles Sprenger (2014). Violence and risk preference: Experimental evidence from Afghanistan. *American Economic Review* 104(1), 123–148.
- Calvet, Laurent, Claire Celerier, Paolo Sodini, and Boris Vallee (2020). Can security design foster household risk-taking? Working paper.
- Calvet, Laurent E., John Y. Campbell, and Paolo Sodini (2009). Measuring the financial sophistication of households. *American Economic Review* 99(2), 393–398.
- Das, Sreyoshi, Camelia M. Kuhnen, and Stefan Nagel (2019). Socioeconomic Status and Macroeconomic Expectations. *The Review of Financial Studies* 33(1), 395–432.
- Edin, Per-Anders, Peter Fredriksson, and Olof Åslund (2003). Ethnic enclaves and the economic success of immigrants - evidence from a natural experiment. *Quarterly Journal of Economics* 118(1), 329–357.

- Eurobarometer (2018). Special Eurobarometer: fairness, inequality and inter-generational mobility. Survey conducted by TNS Opinion and Social for the Joint Research Center of the European Commission Number 471 - Wave EB88.4, Directorate-General for Communication.
- Fagereng, Andreas, Luigi Guiso, Martin Holm, and Luigi Pistaferri (2020). K-returns to education. Working paper.
- Fagereng, Andreas, Luigi Guiso, Davide Malacrino, and Luigi Pistaferri (2020). Heterogeneity and persistence in returns to wealth. *Econometrica* 88(1), 115–170.
- Fisman, Raymond, Ilyana Kuziemko, and Silvia Vannutelli (2020, 09). Distributional Preferences in Larger Groups: Keeping up with the Joneses and Keeping Track of the Tails. *Journal of the European Economic Association* 19(2), 1407–1438.
- Gabaix, Xavier, Jean-Michel Lasry, Pierre-Louis Lions, and Benjamin Moll (2016). The dynamics of inequality. *Econometrica* 84(6), 2071–2111.
- Georgarakos, Dimitris, Michael Haliassos, and Giacomo Pasini (2014). Household debt and social interactions. *Review of Financial Studies* 27(5), 1404–1433.
- Girshina, Anastasia (2019). Wealth, savings, and returns over the life cycle: the role of education. Technical report.
- Giuliano, Paola and Antonio Spilimbergo (2013). Growing up in a recession. *Review of Economic Studies* 81(2), 787–817.
- Gomes, Francisco, Michael Haliassos, and Tarun Ramadorai (2020). Household finance. *Journal of Economic Literature*, forthcoming.
- Haliassos, Michael, Thomas Jansson, and Yigitcan Karabulut (2020). Financial literacy externalities. *Review of Financial Studies* 33(2), 950–989.
- Hvidberg, Kristoffer B., Claus Kreiner, and Stefanie Stantcheva (2020). Social position and fairness views. Working Paper No. 28099, National Bureau of Economic Research.
- Kuchler, Theresa and Johannes Stroebel (2021). Social finance. *Annual Reviews of Financial Economics*, forthcoming.
- Kuhn, Peter, Peter Kooreman, Adriaan Soetevent, and Arie Kapteyn (2011). The effects of lottery prizes on winners and their neighbors: Evidence from the Dutch postcode lottery. *American Economic Review* 101(5), 2226–2247.
- Kuhnen, Camelia M. and Andrei C. Miu (2017). Socioeconomic status and learning from financial information. *Journal of Financial Economics* 124(2), 349–372.
- Lusardi, Annamaria, Olivia Mitchell, and Pierre-Carl Michaud (2017). Optimal financial knowledge and wealth inequality. *Journal of Political Economy* 125(2), 431–477.
- Malmendier, Ulrike and Stefan Nagel (2011). Depression babies: Do macroeconomic experiences affect risk taking? *Quarterly Journal of Economics* 127(1), 373–416.
- Malmendier, Ulrike, Geoffrey Tate, and Jon Yan (2011). Overconfidence and early-life experiences: The effect of managerial traits on corporate financial policies. *Journal of Finance* 66(5), 1687–1733.

Roth, Paula (2021). Inequality, relative deprivation and financial distress - evidence from Swedish register data. Working paper.

Roussanov, Nikolai (2010). Diversification and its discontents: Idiosyncratic and entrepreneurial risk in the quest for social status. *Journal of Finance* 65(5), 1755–1788.

Figure I: Beliefs in Opportunity and Wealth Inequality

This figure presents the cross-country correlations between wealth inequality, measured by the share of aggregate wealth held by the people who are in the top 10 percent of the wealth distribution, and proportion of the corresponding population that agrees with the statement: "I have equal opportunities for getting ahead in life, like everyone else". The pairwise correlation between perceptions and inequality is 0.52 (p-value=0.018). The data for the top 10 share for sampled countries are obtained from OECD Wealth Distribution Database. The information for Sweden comes from Lundberg and Waldenström (2018). The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

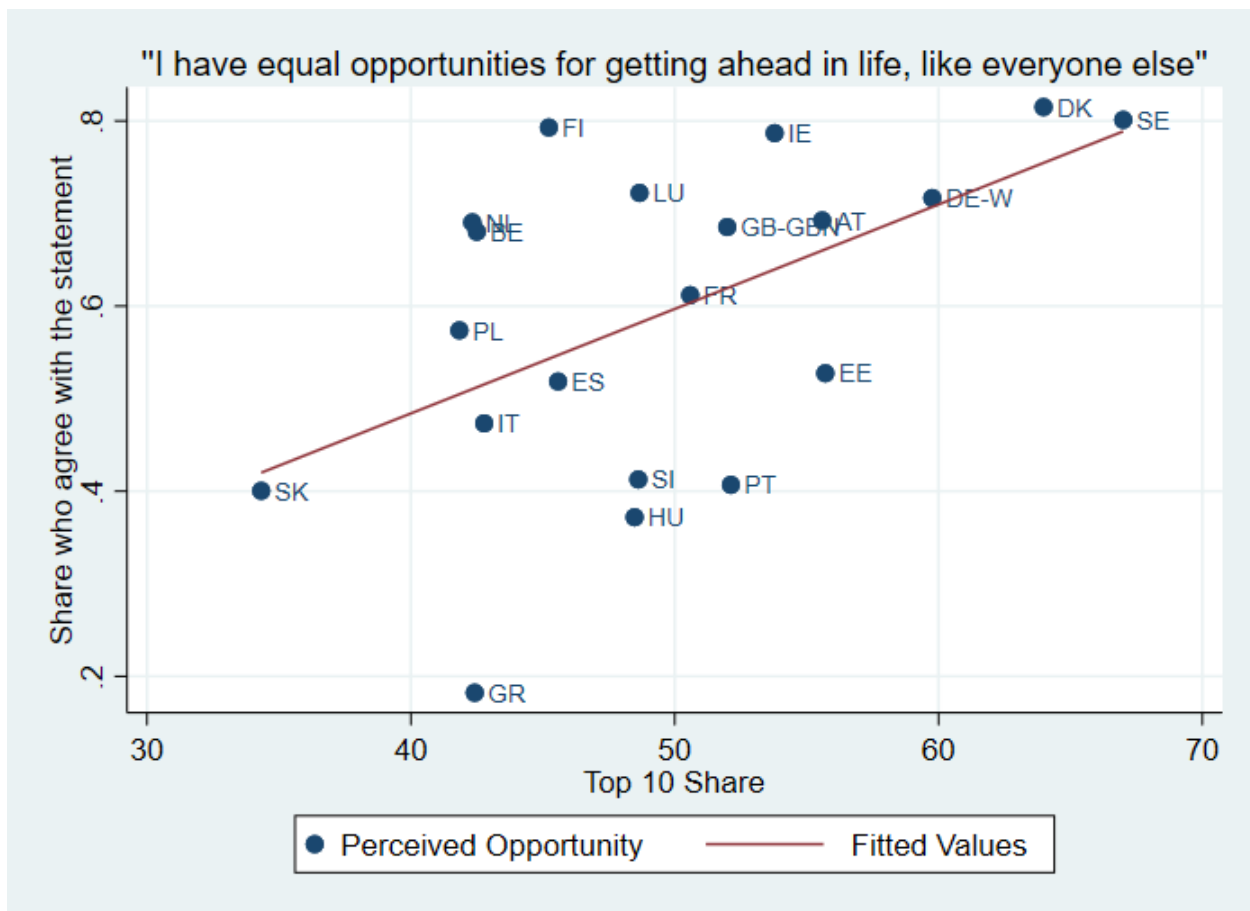


Figure II: Beliefs in Opportunity and Wealth Inequality by Education Level

This figure presents the cross-country correlations between wealth inequality, measured by the share of aggregate wealth held by the people who are in the top 10 percent of the wealth distribution, and proportion of the corresponding population that agrees with the statement: "I have equal opportunities for getting ahead in life, like everyone else" separately for the two subsamples of respondents in each country, namely those who have had at least some years of college education and those without any college education. The pairwise correlation between perceptions and inequality is 0.64 (p-value=0.002) and -0.21 (p-value=0.38) for college and high-school sample, respectively. The data for the top 10 share for sampled countries are obtained from OECD Wealth Distribution Database. The information for Sweden comes from Lundberg and Waldenström (2018). The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

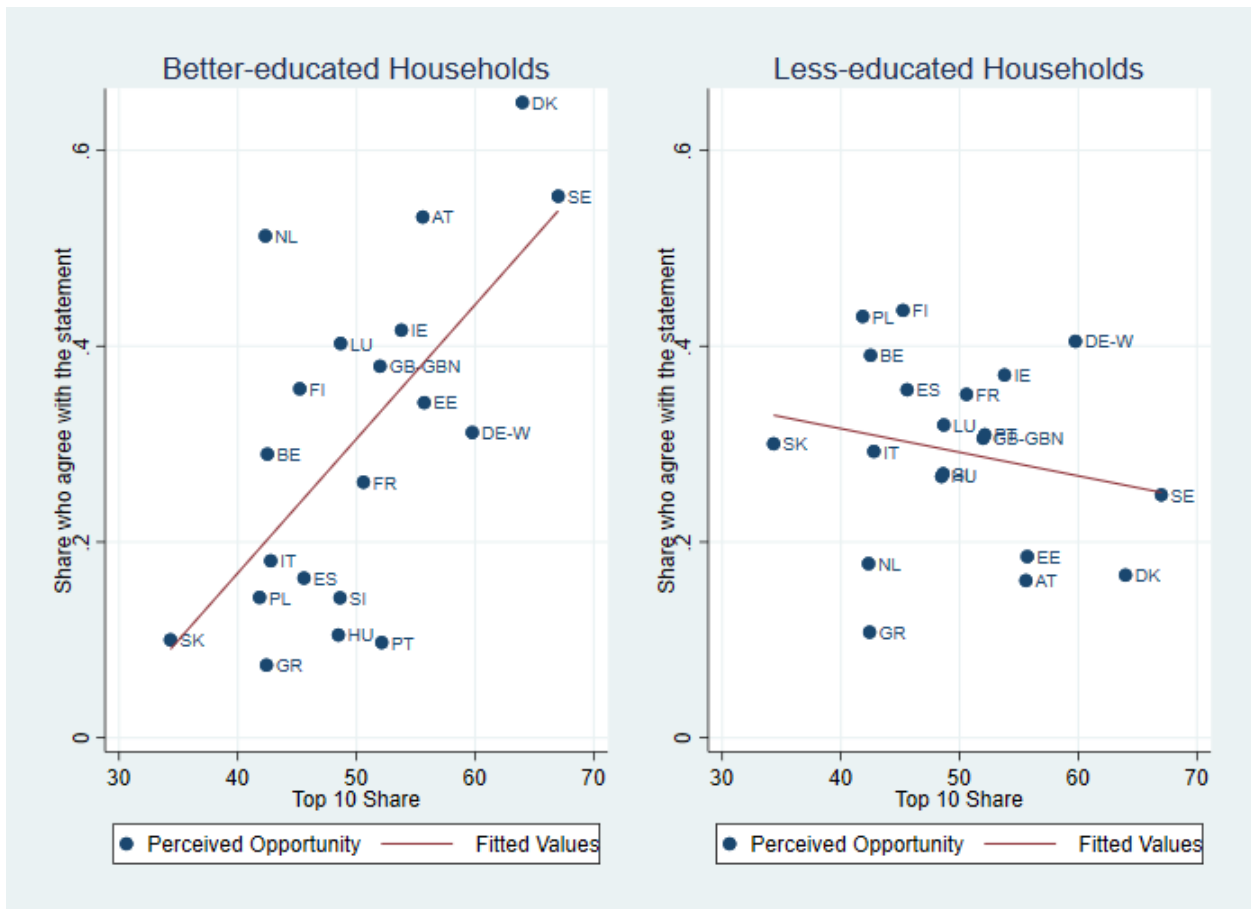


Figure III: Perceived Fairness and Wealth Inequality

This figure presents the cross-country correlations between wealth inequality, measured by the share of aggregate wealth held by the people who are in the top 10 percent of the wealth distribution, and proportion of the corresponding population that agrees with the statement: "I believe that, by and large, people get what they deserve.". The pairwise correlation between perceptions and inequality is 0.37 (p-value=0.11). The data for the top 10 share for sampled countries are obtained from OECD Wealth Distribution Database. The information for Sweden comes from Lundberg and Waldenström (2018). The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).



Figure IV: Perceived Fairness and Wealth Inequality by Education Level

This figure presents the cross-country correlations between wealth inequality, measured by the share of aggregate wealth held by the people who are in the top 10 percent of the wealth distribution, and proportion of the corresponding population that agrees with the statement: "I believe that, by and large, people get what they deserve" separately for the two subsamples of respondents in each country, namely those who have had at least some years of college education and those without any college education. The pairwise correlation between perceptions and inequality is 0.55 (p-value=0.01) and -0.32 (p-value=0.18) for college and high-school sample, respectively. The data for the top 10 share for sampled countries are obtained from OECD Wealth Distribution Database. The information for Sweden comes from Lundberg and Waldenström (2018). The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

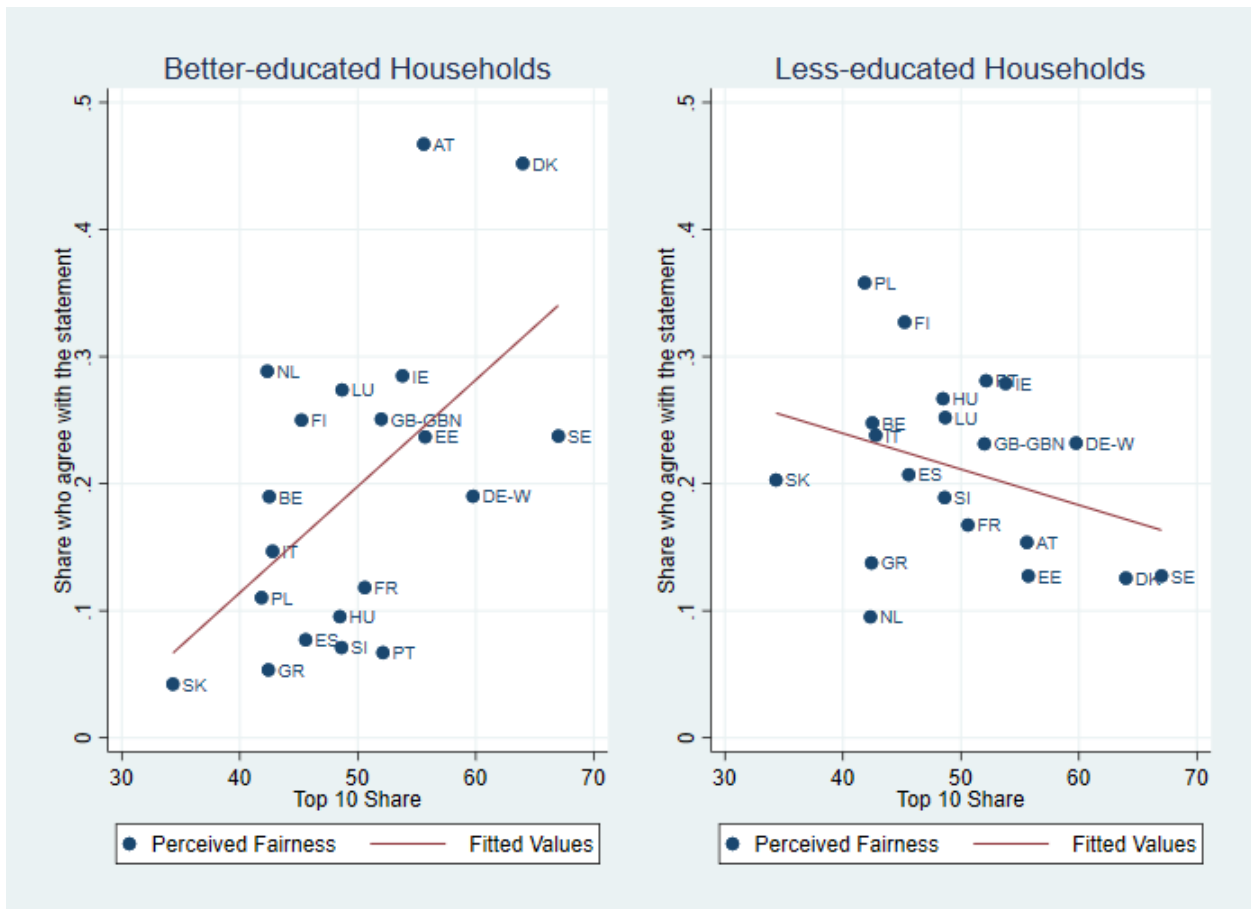


Figure V: Beliefs in Opportunity and Income Inequality

This figure presents the cross-country correlations between income inequality, measured by the share of aggregate disposable income received by the people who are in the top 10 percent of the disposable income distribution divided by the share of all income received by the 40 percent people with the lowest disposable income, and proportion of the corresponding population that agrees with the statement: "I have equal opportunities for getting ahead in life, like everyone else". The pairwise correlation between perceptions and inequality is -0.09 (p-value=0.72). The data for income inequality for sampled countries are obtained from OECD Income Distribution Database. The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

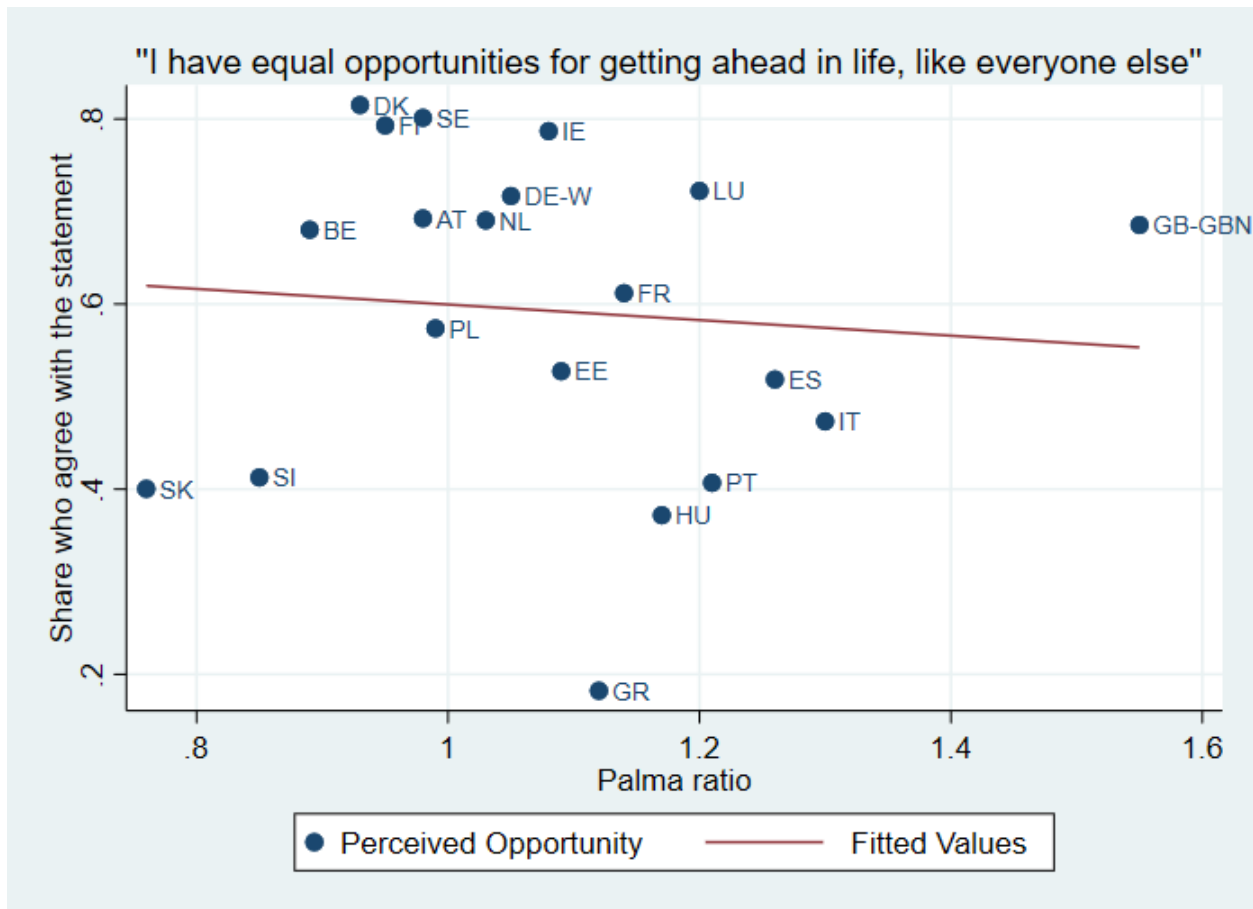


Figure VI: Beliefs in Opportunity and Income Inequality by Education Level

This figure presents the cross-country correlations between income inequality, measured by the share of aggregate disposable income received by the people who are in the top 10 percent of the disposable income distribution divided by the share of all income received by the 40 percent people with the lowest disposable income, and proportion of the corresponding population that agrees with the statement: "I have equal opportunities for getting ahead in life, like everyone else". The pairwise correlation between perceptions and inequality is -0.1 (p-value=0.68) and 0.02 (p-value=0.92) for college and high-school sample, respectively. The data for income inequality for sampled countries are obtained from OECD Income Distribution Database. The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

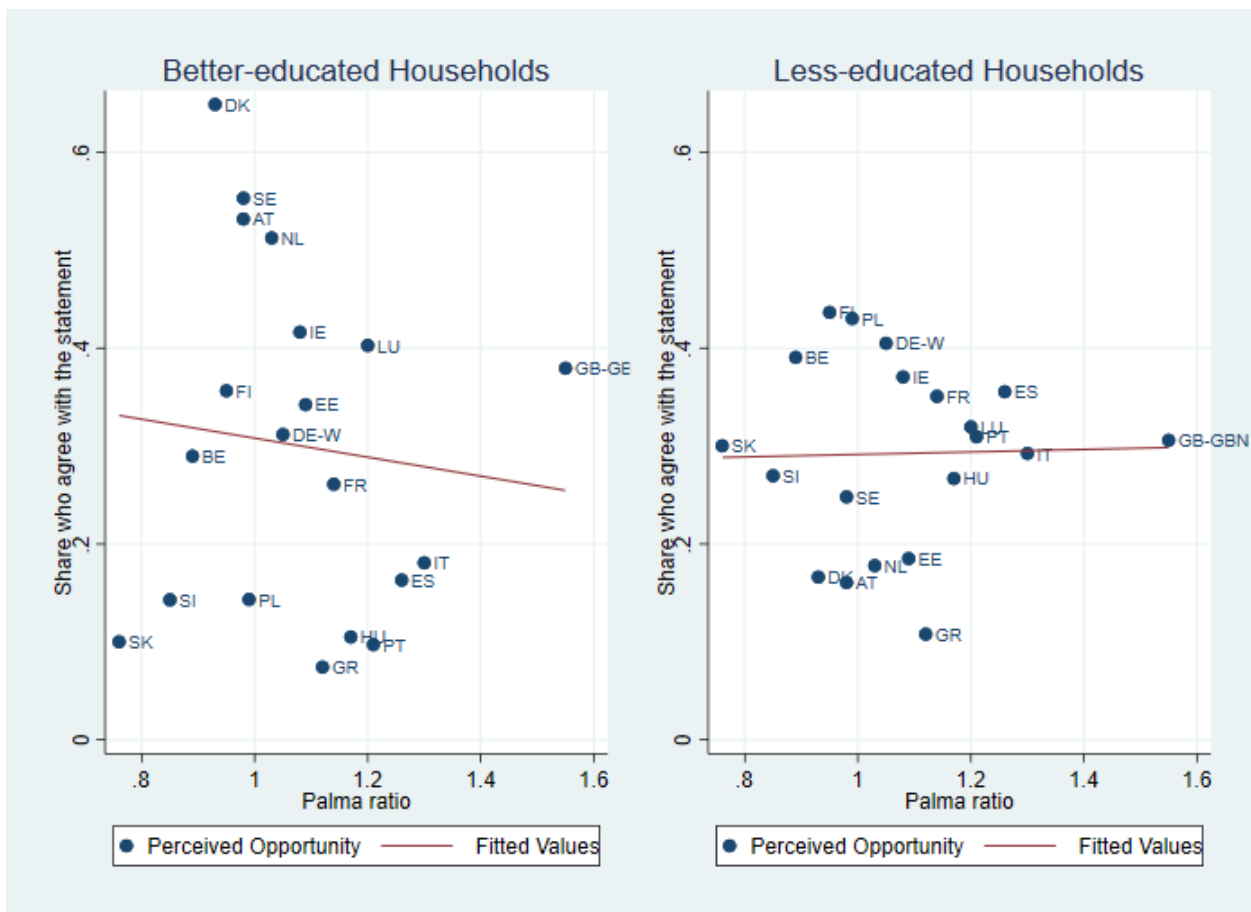


Figure VII: Perceived Fairness and Income Inequality

This figure presents the cross-country correlations between income inequality, measured by the share of aggregate disposable income received by the people who are in the top 10 percent of the disposable income distribution divided by the share of all income received by the 40 percent people with the lowest disposable income, and proportion of the corresponding population that agrees with the statement: "I believe that, by and large, people get what they deserve". The pairwise correlation between perceptions and inequality is 0.01 (p-value=0.96). The data for income inequality for sampled countries are obtained from OECD Income Distribution Database. The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

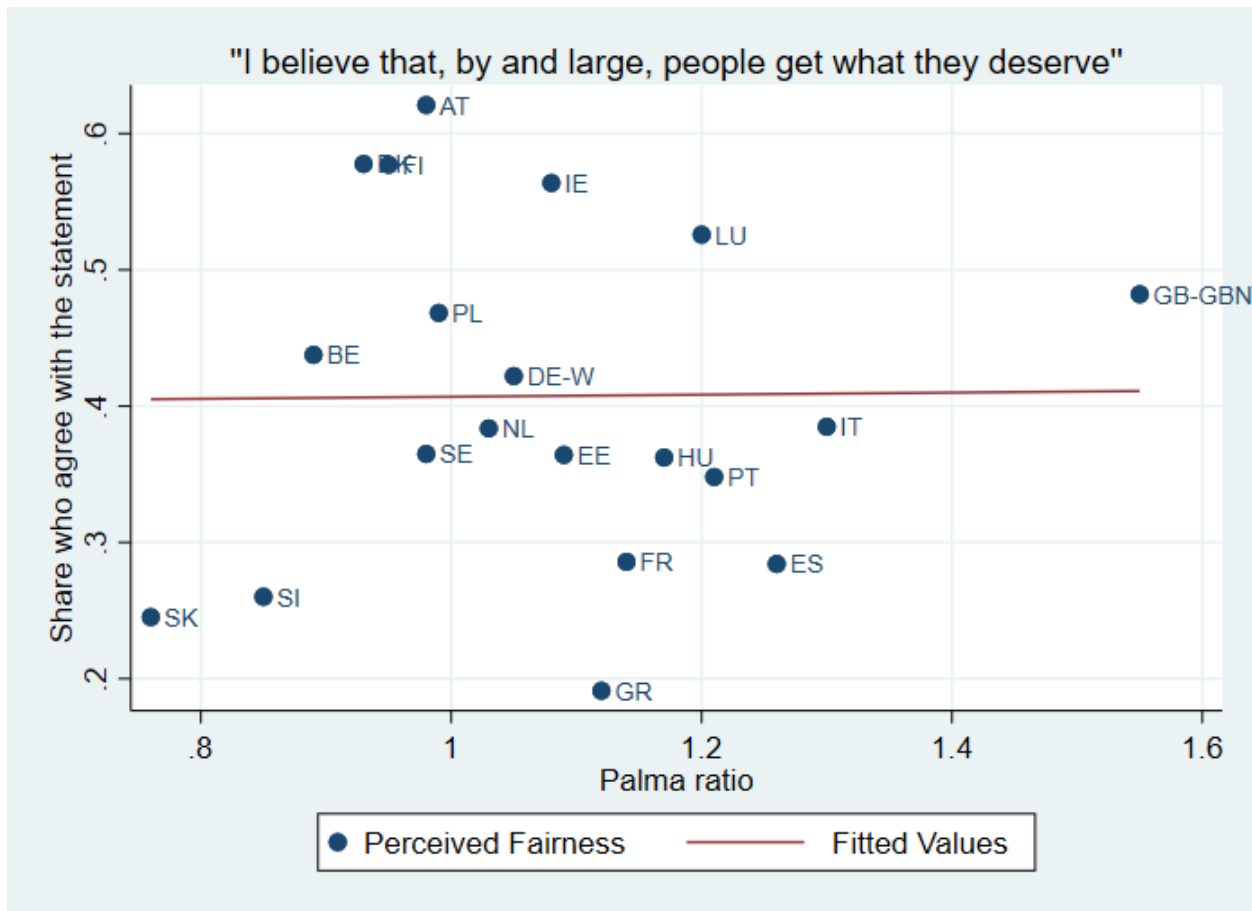


Figure VIII: Perceived Fairness and Income Inequality by Education Level

This figure presents the cross-country correlations between income inequality, measured by the share of aggregate disposable income received by the people who are in the top 10 percent of the disposable income distribution divided by the share of all income received by the 40 percent people with the lowest disposable income, and proportion of the corresponding population that agrees with the statement: "I believe that, by and large, people get what they deserve" separately for the two subsamples of respondents in each country, namely those who have had at least some years of college education and those without any college education. The pairwise correlation between perceptions and inequality is -0.07 (p-value=0.78) and 0.13 (p-value=0.58) for college and high-school sample, respectively. The data for income inequality for sampled countries are obtained from OECD Income Distribution Database. The data on beliefs are derived from the Eurobarometer Survey fielded in December 2017 (Eurobarometer, 2018).

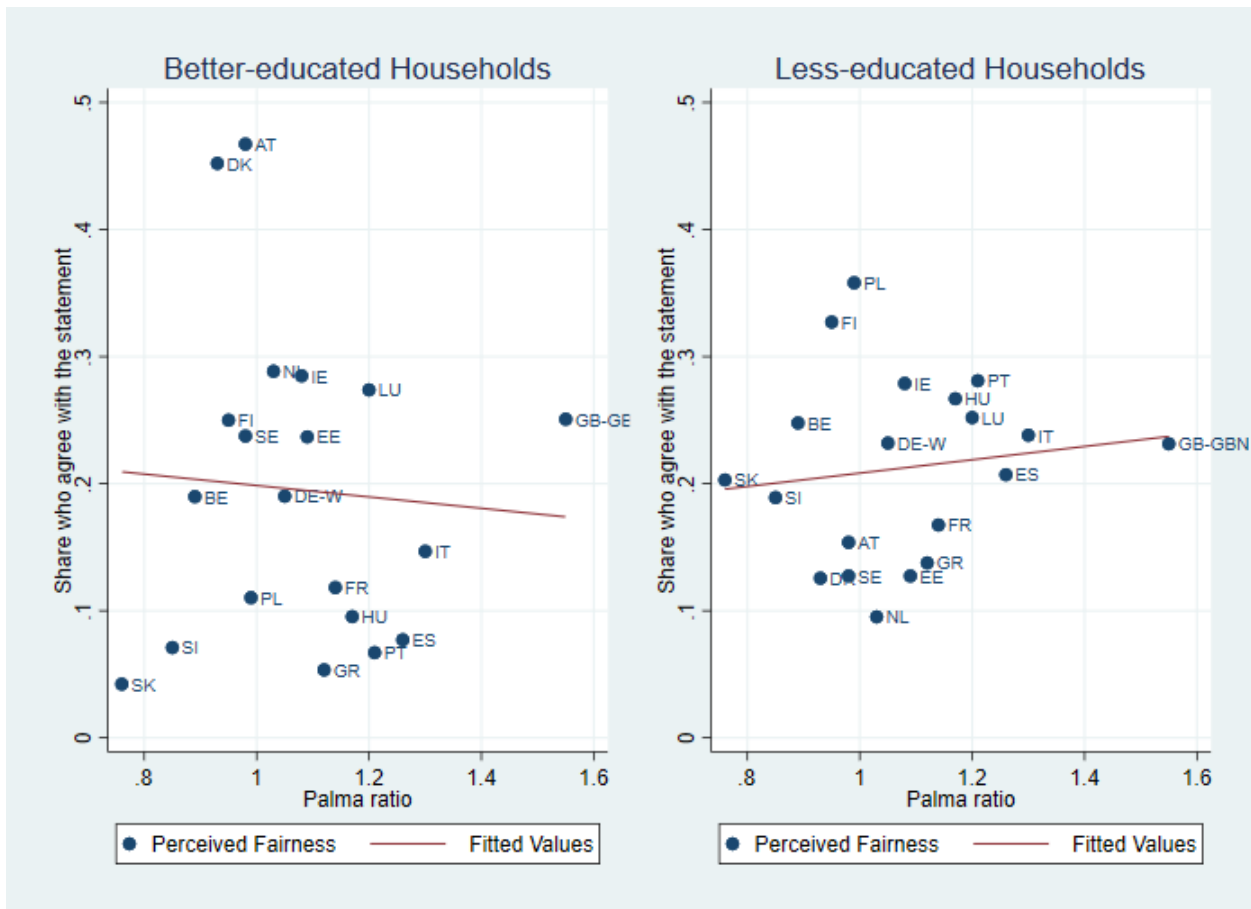


Figure IX: Wealth Inequality in Sweden: 1987

This figure depicts wealth inequality across Swedish municipalities in 1987. Wealth inequality is measured by the the share of aggregate taxable net wealth held by the people who are in the top 10 percent of the wealth distribution in a given municipality. The heatmap colors correspond to the level of wealth inequality in a given municipality where lighter colors refer to relatively lower levels of wealth inequality, and darker colors refer to relatively higher levels of wealth inequality. The numbers in the x- and y-axis represent the longitude and latitude coordinates, respectively.

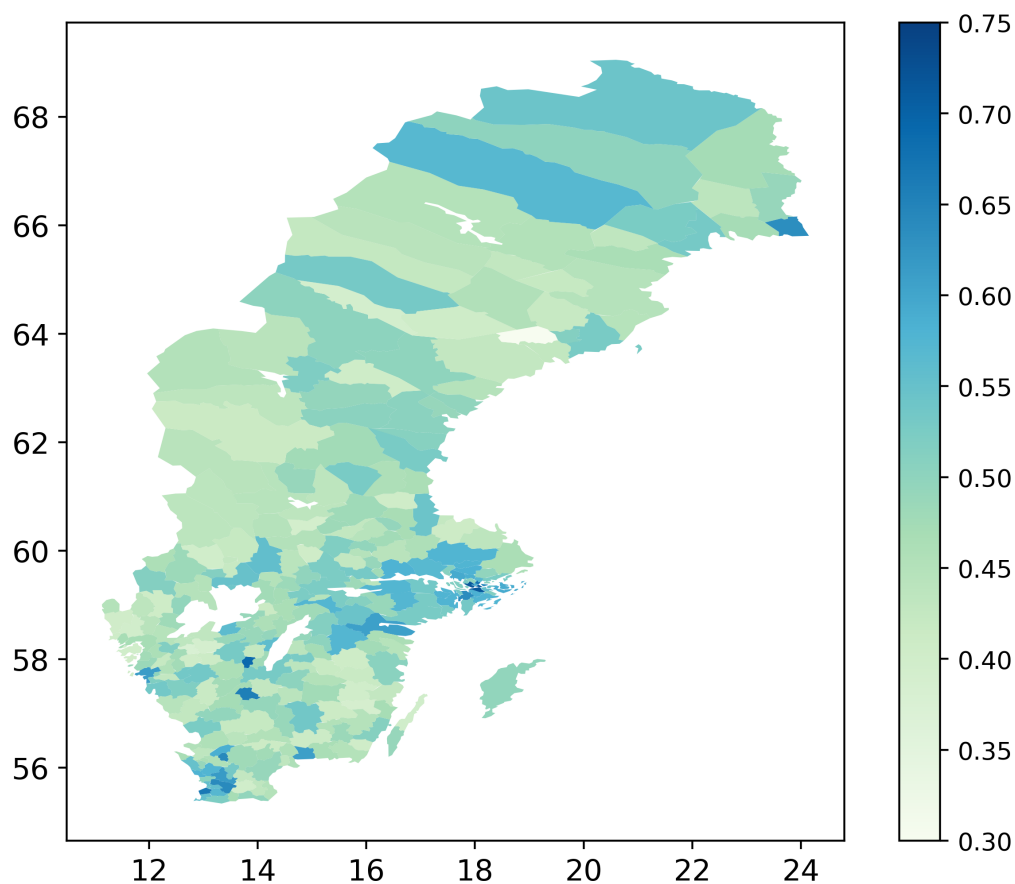


Figure X: Wealth Inequality in Sweden: 1988

This figure depicts wealth inequality across Swedish municipalities in 1988. Wealth inequality is measured by the the share of aggregate taxable net wealth held by the people who are in the top 10 percent of the wealth distribution in a given municipality. The heatmap colors correspond to the level of wealth inequality in a given municipality where lighter colors refer to relatively lower levels of wealth inequality, and darker colors refer to relatively higher levels of wealth inequality. The numbers in the x- and y-axis represent the longitude and latitude coordinates, respectively.

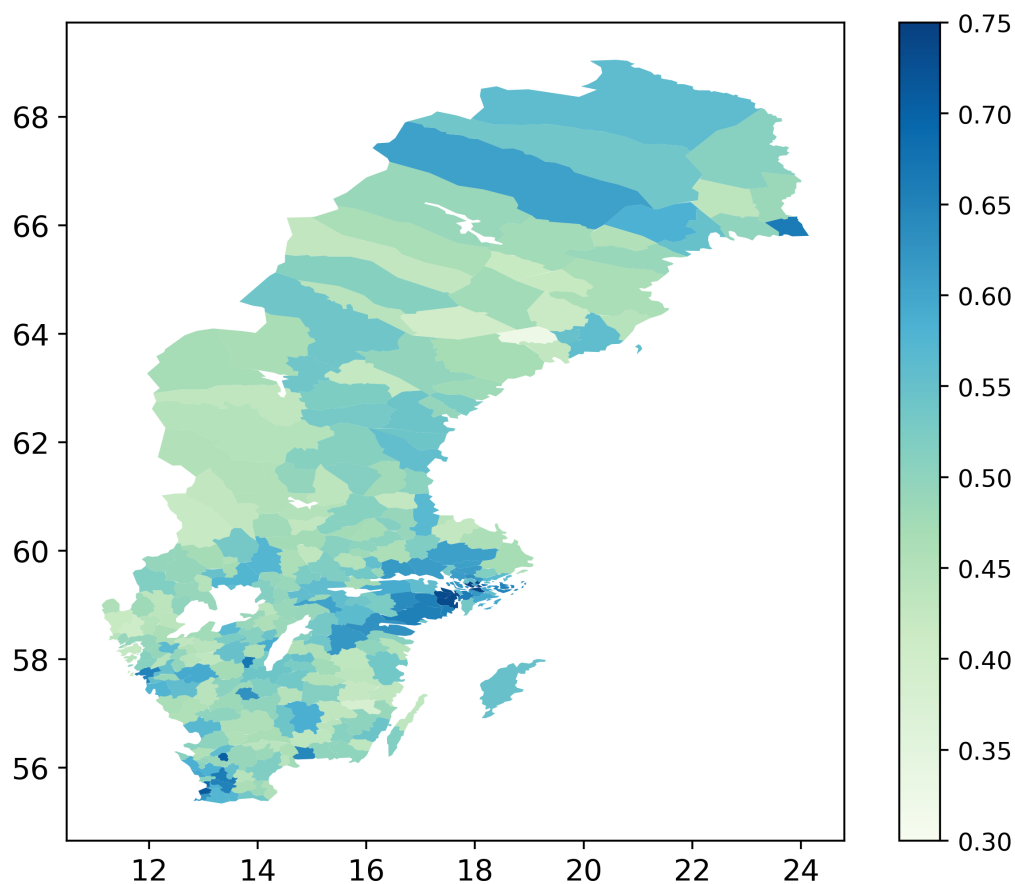


Figure XI: Wealth Inequality in Sweden: 1989

This figure depicts wealth inequality across Swedish municipalities in 1989. Wealth inequality is measured by the the share of aggregate taxable net wealth held by the people who are in the top 10 percent of the wealth distribution in a given municipality. The heatmap colors correspond to the level of wealth inequality in a given municipality where lighter colors refer to relatively lower levels of wealth inequality, and darker colors refer to relatively higher levels of wealth inequality. The numbers in the x- and y-axis represent the longitude and latitude coordinates, respectively.

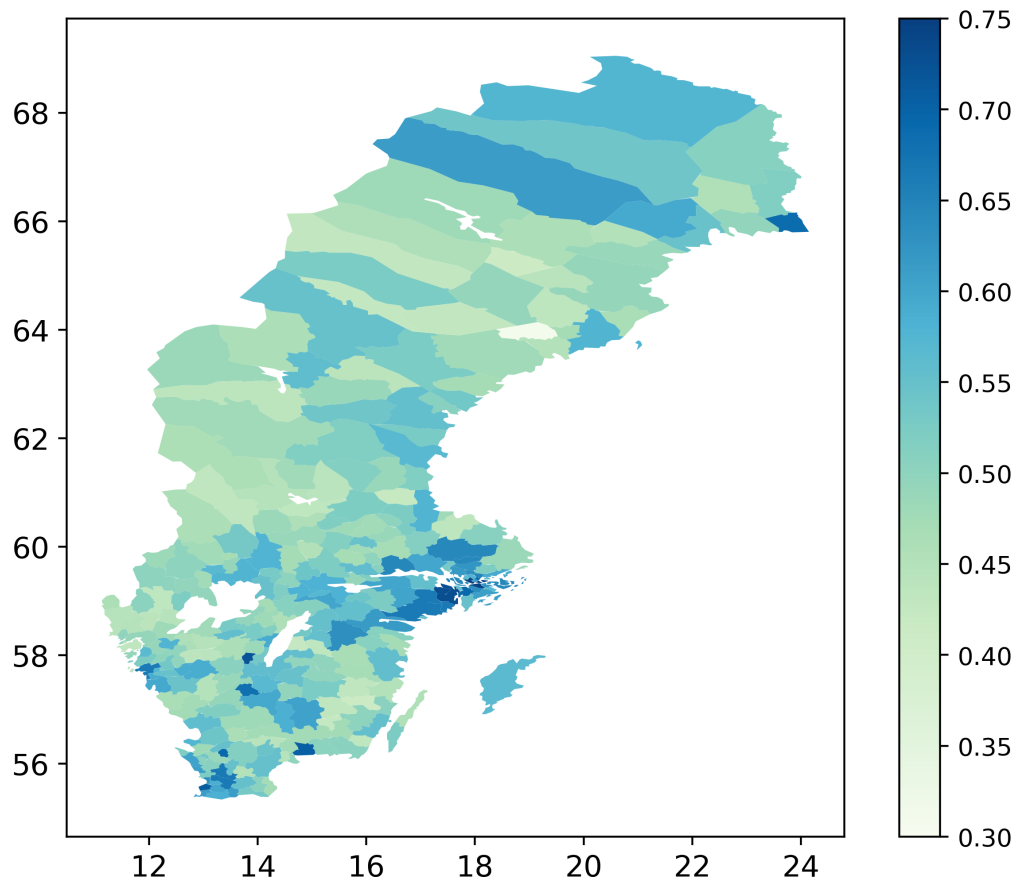


Figure XII: Wealth Inequality in Sweden: 1990

This figure depicts wealth inequality across Swedish municipalities in 1990. Wealth inequality is measured by the the share of aggregate taxable net wealth held by the people who are in the top 10 percent of the wealth distribution in a given municipality. The heatmap colors correspond to the level of wealth inequality in a given municipality where lighter colors refer to relatively lower levels of wealth inequality, and darker colors refer to relatively higher levels of wealth inequality. The numbers in the x- and y-axis represent the longitude and latitude coordinates, respectively.

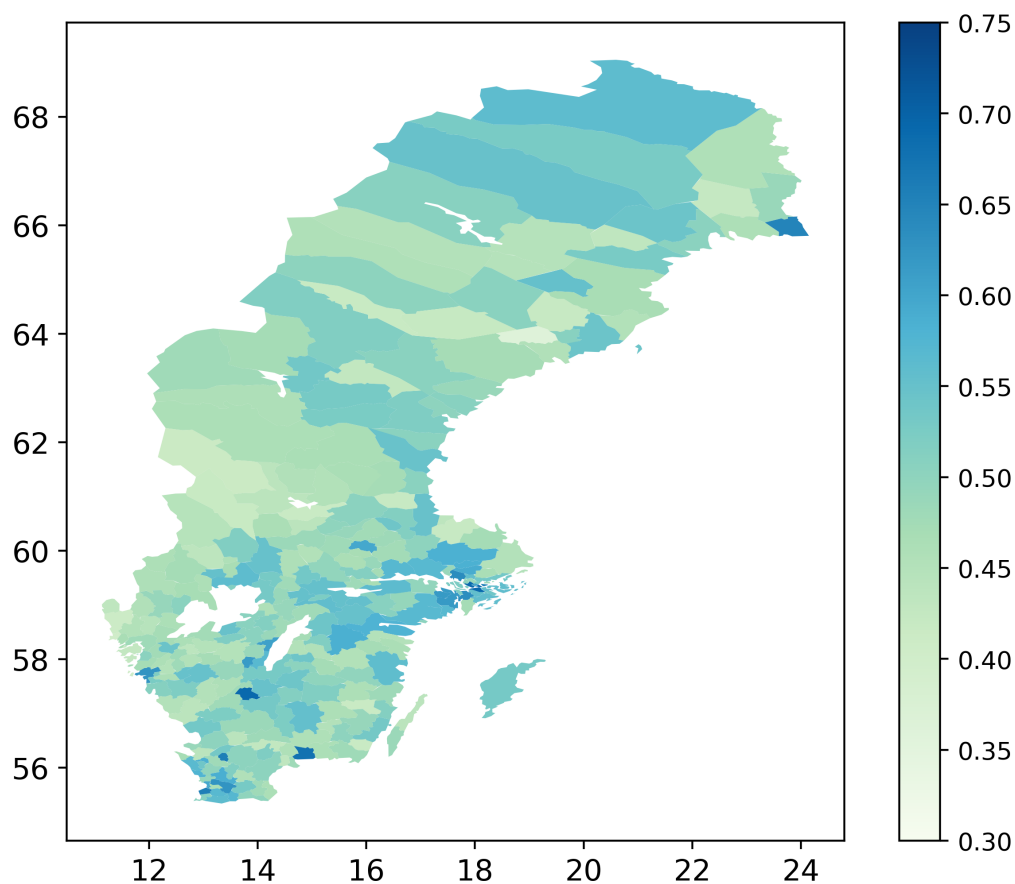


Figure XIII: Wealth Inequality in Sweden: 1991

This figure depicts wealth inequality across Swedish municipalities in 1991. Wealth inequality is measured by the the share of aggregate taxable net wealth held by the people who are in the top 10 percent of the wealth distribution in a given municipality. The heatmap colors correspond to the level of wealth inequality in a given municipality where lighter colors refer to relatively lower levels of wealth inequality, and darker colors refer to relatively higher levels of wealth inequality. The numbers in the x- and y-axis represent the longitude and latitude coordinates, respectively.

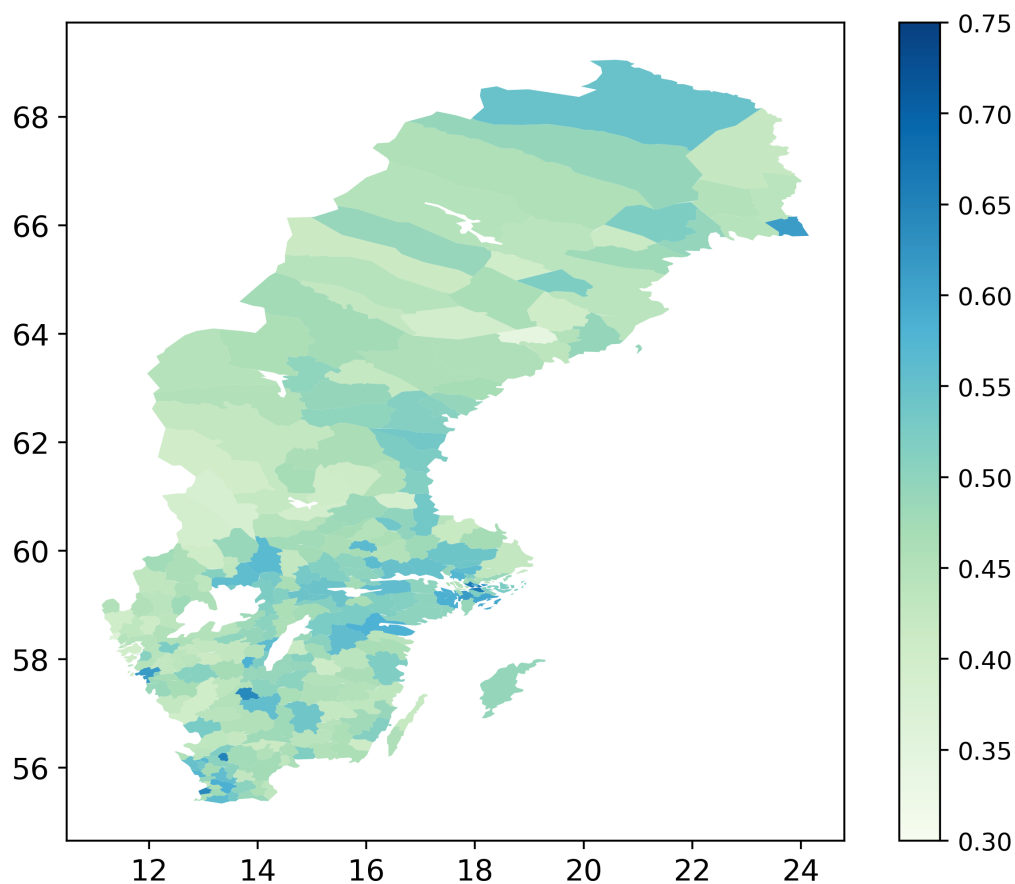


Table I: Summary Statistics

This table presents summary statistics for the variables employed in the empirical analysis. The sample consists of 5,074 refugee immigrant households for the time period between 1999 and 2007. Panel A reports the mean, standard deviation, and number of observations for the outcome variables defined at the household level. Panel B reports the mean, standard deviation, and number of observations for the initial municipality characteristics observed between 1987 and 1991. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. For variable definitions, see Online Appendix A.

	Full Sample			Better-educated Sample			Less-educated Sample		
	Mean	SD	Obs	Mean	SD	Obs	Mean	SD	Obs
Panel A: Outcome Variables									
Net Wealth	62199.6	752410.2	47104	117672.6	1164493	14388	37806.8	465632.9	32715
Net Wealth Percentile Rank	30.91	21.68	46844	30.75	24.74	14298	30.98	20.19	32545
(IHS of) Earnings	12.96	0.563	47104	13.08	0.577	14388	12.91	0.549	32715
Unemployed	0.327	0.469	47104	0.269	0.443	14388	0.353	0.478	32715
Self-Employed	0.103	0.305	47104	0.105	0.306	14388	0.103	0.304	32715
Financial Risk Taking	0.357	0.479	47104	0.497	0.500	14388	0.295	0.456	32715
Homeownership	0.266	0.442	47104	0.357	0.479	14388	0.227	0.418	32715
Fin Wealth to Income Ratio	0.214	0.496	45601	0.310	0.585	14127	0.171	0.443	31474
Debt to Income Ratio	0.707	1.295	45601	0.827	1.364	14127	0.653	1.259	31474
Panel B: Initial Municipality Control									
Initial Wealth Inequality	0.550	0.084	45898	0.551	0.082	13918	0.550	0.084	31979
Initial Rich College Share	0.297	0.104	45898	0.302	0.109	13918	0.295	0.101	31979
Initial Mean Wealth (in 100s)	2314.7	635.2	45898	2325.9	672.6	13918	2309.9	618.2	31979
Initial Income Inequality	0.263	0.024	45898	0.264	0.023	13918	0.263	0.023	31979
Initial Mean Income (in 100s)	2408.7	367.8	45898	2412.6	399.3	13918	2407.1	353.2	31979

Table II: Exposure to Wealth Inequality and Net Wealth

This table presents coefficient estimates from OLS regressions of household net wealth. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and net wealth in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	(IHS of) Net Wealth		
	Full Sample	Better-educated	Less-educated
	(1)	(2)	(3)
Initial Wealth Inequality	3.254 (0.51)	31.755** (2.49)	-2.851 (-0.44)
Age 30-45	0.818** (2.06)	1.524 (1.50)	0.860** (2.04)
Age 45-60	2.653*** (5.36)	5.553*** (4.57)	1.683*** (3.38)
Age 60-75	3.896*** (5.63)	7.026*** (4.29)	2.738*** (3.96)
Male	-0.856*** (-3.44)	-1.018* (-1.76)	-0.828*** (-2.88)
Student	-2.117*** (-5.48)	-2.189*** (-3.12)	-1.272*** (-2.71)
Retired	0.509 (1.14)	0.571 (0.70)	0.833* (1.87)
Employee	1.116*** (5.26)	0.298 (0.61)	1.410*** (5.63)
Married	1.727*** (6.02)	1.574*** (2.78)	1.602*** (4.98)
Nbr of adults	-1.557*** (-10.92)	-1.785*** (-5.10)	-1.277*** (-7.33)
Nbr of children	-0.065 (-0.55)	-0.010 (-0.04)	-0.043 (-0.32)
High school	0.357 (1.21)		
College	-0.044 (-0.12)		
(IHS of) Income	3.528*** (14.82)	4.945*** (10.57)	2.610*** (8.59)
Constant	-54.286*** (-12.76)	-94.960*** (-11.49)	-37.211*** (-7.49)
Observations	40794	12364	28429
R-squared	0.1541	0.2658	0.1432
Clustering	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes

Table III: Exposure to Wealth Inequality and Net Wealth Percentile

This table presents coefficient estimates from OLS regressions of household net wealth. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and net wealth in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	Net Wealth Percentile		
	Full Sample	Better-educated	Less-educated
	(1)	(2)	(3)
Initial Wealth Inequality	5.222 (0.39)	83.230*** (2.92)	-10.550 (-0.82)
Age 30-45	-8.732*** (-7.48)	-1.946 (-0.71)	-9.510*** (-8.29)
Age 45-60	-12.622*** (-9.47)	0.698 (0.22)	-16.204*** (-12.66)
Age 60-75	-22.871*** (-14.02)	-8.447** (-2.27)	-26.687*** (-17.48)
Male	-1.675*** (-3.18)	-1.668 (-1.40)	-1.601*** (-2.77)
Student	-6.032*** (-7.00)	-6.030*** (-3.77)	-3.130*** (-3.00)
Retired	-1.654* (-1.95)	-0.112 (-0.06)	-1.136 (-1.46)
Employee	1.503*** (3.42)	0.309 (0.34)	1.972*** (4.11)
Married	3.132*** (5.50)	3.273*** (2.86)	2.527*** (4.03)
Nbr of adults	-3.304*** (-10.53)	-3.966*** (-5.08)	-2.488*** (-7.76)
Nbr of children	-0.091 (-0.42)	-0.267 (-0.53)	0.084 (0.37)
High school	0.297 (0.56)		
College	-1.893** (-2.58)		
(IHS of) Income	7.187*** (12.00)	11.582*** (9.43)	4.259*** (7.05)
Constant	-54.184*** (-5.49)	-179.243*** (-8.75)	-1.956 (-0.19)
Observations	40579	12300	28278
R-squared	0.1606	0.2490	0.1967
Clustering	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes

Table IV: Exposure to Wealth Inequality and Labor Income

This table presents coefficient estimates from OLS regressions of household labor income. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and labor income in the period 1999-2007. We condition on having positive earnings. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	(IHS of) Earnings		
	Full Sample	Better-educated	Less-educated
	(1)	(2)	(3)
Initial Wealth Inequality	-0.003 (-0.01)	0.049 (0.09)	0.042 (0.10)
Age 30-45	0.257*** (7.35)	0.323*** (4.00)	0.209*** (5.25)
Age 45-60	0.172*** (4.82)	0.244*** (2.91)	0.106** (2.45)
Age 60-75	-0.108** (-2.35)	0.004 (0.05)	-0.226*** (-4.20)
Male	0.065*** (3.85)	0.059** (2.36)	0.083*** (3.75)
Student	-0.584*** (-11.02)	-0.599*** (-8.48)	-0.474*** (-7.19)
Retired	-0.037 (-1.59)	-0.212*** (-4.66)	-0.026 (-1.02)
Employee	0.514*** (37.04)	0.628*** (22.11)	0.445*** (27.04)
Married	0.242*** (13.54)	0.224*** (7.32)	0.237*** (10.53)
Nbr of adults	0.270*** (35.71)	0.238*** (16.88)	0.282*** (32.56)
Nbr of children	-0.011 (-1.38)	0.019 (1.37)	-0.022** (-2.03)
High school	0.178*** (9.79)		
College	0.340*** (14.70)		
Constant	11.251*** (58.97)	11.262*** (31.44)	11.412*** (48.08)
Observations	39568	12164	27404
R-squared	0.4322	0.5356	0.3942
Clustering	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes

Table V: Exposure to Wealth Inequality and Unemployment

This table presents coefficient estimates from linear probability model regressions of employment status. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and employment status in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	Unemployment		
	Full Sample	Better-educated	Less-educated
	(1)	(2)	(3)
Initial Wealth Inequality	-0.182 (-0.74)	-0.372 (-0.80)	0.003 (0.01)
Age 30-45	0.091*** (5.10)	0.115*** (3.43)	0.081*** (4.04)
Age 45-60	0.112*** (5.58)	0.181*** (4.85)	0.080*** (3.51)
Age 60-75	-0.023 (-1.02)	0.124*** (2.81)	-0.080*** (-2.89)
Male	-0.030*** (-2.96)	0.012 (0.71)	-0.044*** (-3.57)
Married	-0.072*** (-7.79)	-0.126*** (-6.05)	-0.050*** (-4.63)
Nbr of adults	-0.030*** (-6.56)	-0.011 (-1.02)	-0.036*** (-6.47)
Nbr of children	-0.005 (-1.18)	-0.009 (-1.04)	-0.005 (-1.10)
High school	-0.007 (-0.58)		
College	-0.085*** (-5.99)		
Constant	0.685*** (5.09)	0.776*** (2.86)	0.635*** (4.25)
Observations	40794	12364	28429
R-squared	0.1087	0.1666	0.1200
Clustering	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes

Table VI: Exposure to Wealth Inequality and Wealth-to-Income Ratio

This table presents coefficient estimates from OLS regressions of financial wealth to income ratio. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and wealth to income ratio in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	Financial Wealth-to-Income Ratio		
	Full Sample	Better-educated	Less-educated
	(1)	(2)	(3)
Initial Wealth Inequality	0.021 (0.07)	1.664** (2.37)	-0.463 (-1.44)
Age 30-45	0.035* (1.95)	-0.009 (-0.14)	0.057*** (3.75)
Age 45-60	0.030 (1.52)	0.022 (0.32)	0.029* (1.67)
Age 60-75	0.003 (0.11)	-0.029 (-0.33)	0.019 (0.69)
Male	-0.015 (-1.13)	0.045 (1.53)	-0.035*** (-2.71)
Student	0.081*** (2.98)	0.143** (2.39)	0.048* (1.76)
Retired	-0.044** (-2.25)	-0.049 (-1.03)	-0.038** (-2.03)
Employee	0.046*** (4.64)	0.010 (0.49)	0.058*** (5.24)
Married	0.018* (1.66)	-0.021 (-0.80)	0.026** (2.15)
Nbr of adults	-0.001 (-0.18)	0.002 (0.11)	0.002 (0.30)
Nbr of children	-0.001 (-0.14)	0.002 (0.14)	-0.004 (-1.08)
High school	0.035*** (3.14)		
College	0.126*** (7.98)		
Constant	-0.150 (-0.91)	-1.198*** (-3.15)	0.207 (1.14)
Observations	39568	12164	27404
R-squared	0.1064	0.1738	0.1086
Clustering	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes

Table VII: Exposure to Wealth Inequality and Self-Employment

This table presents coefficient estimates from linear probability model regressions of being self-employed. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and self-employment in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	Self-Employment					
	Full Sample		Better-educated		Less-educated	
	(1)	(2)	(3)	(4)	(5)	(6)
Initial Wealth Inequality	0.370** (2.39)	0.364** (2.40)	0.758*** (2.92)	0.642** (2.50)	0.235 (1.19)	0.256 (1.33)
Age 30-45	0.035*** (3.35)	0.035*** (3.58)	0.033** (2.05)	0.038** (2.26)	0.034*** (2.61)	0.036*** (2.85)
Age 45-60	0.009 (0.79)	0.014 (1.22)	0.040** (2.01)	0.041* (1.96)	-0.006 (-0.44)	0.002 (0.14)
Age 60-75	-0.068*** (-5.35)	-0.050*** (-4.03)	0.001 (0.05)	0.014 (0.54)	-0.098*** (-6.28)	-0.076*** (-4.95)
Male	-0.029*** (-3.26)	-0.030*** (-3.41)	-0.042** (-2.28)	-0.041** (-2.28)	-0.026*** (-2.75)	-0.027*** (-3.05)
Married	0.054*** (7.46)	0.048*** (6.74)	0.054*** (3.61)	0.047*** (3.25)	0.051*** (6.40)	0.045*** (5.86)
Nbr of adults	0.064*** (11.26)	0.066*** (12.07)	0.050*** (5.74)	0.053*** (6.23)	0.067*** (9.93)	0.068*** (10.64)
Nbr of children	0.016*** (4.57)	0.019*** (5.37)	0.027*** (3.66)	0.029*** (4.06)	0.012*** (3.18)	0.015*** (3.88)
High school	0.017** (2.00)	0.011 (1.37)				
College	0.021** (2.12)	0.008 (0.78)				
(IHS of) Income	-0.094*** (-9.43)	-0.118*** (-11.80)	-0.078*** (-5.39)	-0.101*** (-6.47)	-0.098*** (-7.20)	-0.120*** (-9.08)
Net Wealth Quartile 1		-0.073*** (-8.76)		-0.071*** (-5.46)		-0.064*** (-5.38)
Net Wealth Quartile 2		-0.100*** (-13.25)		-0.089*** (-7.08)		-0.101*** (-9.89)
Net Wealth Quartile 3		-0.120*** (-15.69)		-0.104*** (-7.89)		-0.121*** (-12.07)
Constant	0.796*** (5.64)	1.193*** (8.33)	0.353 (1.39)	0.799*** (2.94)	0.918*** (4.72)	1.280*** (6.70)
Observations	40794	40794	12364	12364	28429	28429
R-squared	0.1251	0.1427	0.1971	0.2100	0.1467	0.1647
Clustering	Ini Muni	Ini Muni	Ini Muni	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes	Yes	Yes	Yes

Table IX: Exposure to Wealth Inequality and Homeownership

This table presents coefficient estimates from linear probability model regressions of homeownership. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and homeownership in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	Probability of Homeownership					
	Full Sample		Better-educated		Less-educated	
	(1)	(2)	(3)	(4)	(5)	(6)
Initial Wealth Inequality	0.174 (0.70)	0.194 (0.91)	1.203*** (2.91)	1.081*** (2.64)	-0.103 (-0.35)	0.032 (0.13)
Age 30-45	0.007 (0.42)	0.010 (0.60)	0.047 (1.35)	0.053 (1.43)	0.002 (0.09)	0.006 (0.39)
Age 45-60	-0.024 (-1.25)	0.013 (0.72)	0.024 (0.60)	0.083* (1.96)	-0.035 (-1.57)	-0.005 (-0.27)
Age 60-75	-0.071** (-2.41)	-0.006 (-0.20)	-0.058 (-1.01)	0.037 (0.64)	-0.076** (-2.57)	-0.017 (-0.63)
Male	0.005 (0.54)	-0.008 (-0.83)	-0.027 (-1.16)	-0.029 (-1.35)	0.027** (2.26)	0.007 (0.64)
Student	-0.006 (-0.48)	-0.071*** (-4.98)	-0.018 (-0.78)	-0.088*** (-3.58)	0.029 (1.61)	-0.028 (-1.56)
Retired	0.008 (0.47)	0.005 (0.37)	-0.007 (-0.19)	0.011 (0.38)	0.013 (0.70)	0.013 (0.80)
Employee	0.081*** (8.42)	0.054*** (6.19)	0.072*** (3.80)	0.049*** (2.63)	0.078*** (7.33)	0.051*** (5.37)
Married	0.082*** (7.57)	0.073*** (7.15)	0.112*** (4.37)	0.105*** (4.52)	0.067*** (5.78)	0.057*** (5.16)
Nbr of adults	-0.016*** (-2.61)	-0.033*** (-6.13)	-0.022* (-1.75)	-0.037*** (-3.26)	-0.012** (-2.01)	-0.030*** (-5.35)
Nbr of children	-0.018*** (-4.47)	-0.012*** (-3.52)	-0.024** (-2.51)	-0.019** (-2.17)	-0.013*** (-2.79)	-0.009** (-2.06)
High school	0.022** (2.09)	0.006 (0.65)				
College	0.067*** (5.01)	-0.005 (-0.39)				
(IHS of) Income	0.211*** (21.31)	0.147*** (16.20)	0.234*** (11.79)	0.183*** (9.72)	0.185*** (14.65)	0.117*** (10.42)
Net Wealth Quartile 1		0.402*** (31.12)		0.340*** (17.48)		0.445*** (23.14)
Net Wealth Quartile 2		0.044*** (4.50)		0.050*** (3.30)		0.047*** (3.76)
Net Wealth Quartile 3		-0.016* (-1.87)		0.014 (1.00)		-0.025** (-2.41)
Constant	-2.815*** (-15.72)	-1.996*** (-12.42)	-3.808*** (-12.58)	-3.159*** (-10.18)	-2.246*** (-10.32)	-1.439*** (-7.84)
Observation	40794	40794	12364	12364	28429	28429
R-squared	0.2472	0.3588	0.3459	0.4200	0.2233	0.3556
Clustering	Ini Muni	Ini Muni	Ini Muni	Ini Muni	Ini Muni	Ini Muni
Arrival-Year FEs	Yes	Yes	Yes	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes	Yes	Yes	Yes

Table X: Exposure to Wealth Inequality and Debt-to-Income Ratio

This table presents coefficient estimates from OLS regressions of debt to income ratio. In all regressions, we control for household characteristics, arrival-year fixed effects, country-of-origin fixed effects, time-year fixed effects, and neighborhood fixed effects defined at the municipality level. Standard errors are clustered at the municipality level, and corresponding t-statistics are reported in parentheses. We consider a sample of 5,074 refugee immigrant households and debt to income ratio in the period 1999-2007. Better-educated Sample includes refugee immigrants with at least some college education, while Less-educated Sample consists of refugee immigrants with a high school degree or less at the time of arrival. Statistical significance at the 10, 5, and 1 percent levels is indicated by *, **, and ***, respectively. For variable definitions, see Online Appendix A.

	Debt-to-Income Ratio					
	Full Sample		Better-educated		Less-educated	
	(1)	(2)	(3)	(4)	(5)	(6)
Initial Wealth Inequality	-0.295 (-0.48)	-0.403 (-0.72)	3.505*** (3.59)	1.294 (1.33)	-1.702** (-2.24)	-1.256* (-1.87)
Age 30-45	0.187*** (3.86)	0.110*** (2.98)	0.338*** (4.41)	0.180*** (2.67)	0.159*** (2.62)	0.096** (2.03)
Age 45-60	0.026 (0.48)	-0.035 (-0.76)	0.163** (2.02)	-0.066 (-0.82)	0.018 (0.26)	0.008 (0.14)
Age 60-75	-0.264*** (-4.21)	-0.201*** (-3.84)	-0.201* (-1.84)	-0.287*** (-2.78)	-0.220*** (-2.75)	-0.120* (-1.74)
Male	-0.014 (-0.46)	-0.024 (-0.94)	-0.083 (-1.38)	-0.077 (-1.48)	0.025 (0.77)	0.003 (0.09)
Student	0.199*** (3.22)	0.244*** (4.09)	0.112 (1.51)	0.162** (2.04)	0.341*** (3.73)	0.324*** (3.65)
Retired	0.014 (0.31)	0.006 (0.16)	0.007 (0.07)	0.063 (0.83)	-0.012 (-0.26)	-0.029 (-0.70)
Employee	0.169*** (7.30)	-0.021 (-1.10)	0.183*** (3.88)	-0.058 (-1.31)	0.147*** (5.49)	-0.012 (-0.51)
Married	0.104*** (3.02)	-0.029 (-0.98)	0.186** (2.59)	0.015 (0.27)	0.061 (1.58)	-0.043 (-1.27)
Nbr of adults	0.077*** (4.55)	0.034** (2.45)	0.077* (1.84)	0.044 (1.32)	0.065*** (3.93)	0.020 (1.41)
Nbr of children	0.065*** (5.42)	0.045*** (4.22)	0.067** (2.25)	0.033 (1.46)	0.065*** (5.11)	0.051*** (4.57)
High school	0.006 (0.16)	-0.044 (-1.37)				
College	0.094** (2.16)	-0.040 (-1.15)				
Net Wealth Quartile 1		-1.307*** (-34.18)		-1.414*** (-22.86)		-1.237*** (-24.12)
Net Wealth Quartile 2		-1.202*** (-31.47)		-1.237*** (-16.16)		-1.158*** (-23.70)
Net Wealth Quartile 3		-1.233*** (-34.64)		-1.209*** (-20.95)		-1.202*** (-23.43)
Constant	-0.067 (-0.19)	1.608*** (5.08)	-2.783*** (-5.05)	0.960** (2.23)	0.960** (2.23)	2.053*** (5.49)
Observations	39568	34600	12164	27404	27404	23962
R-squared	0.1116	0.2529	0.1924	0.1122	0.1122	0.2372
Clustering	Ini Muni	Ini Muni	Ini Muni	Ini Muni	Ini Muni	Ini Muni
Arrival-Year	Yes	Yes	Yes	Yes	Yes	Yes
Country-of-Origin FEs	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FEs	Yes	Yes	Yes	Yes	Yes	Yes
Time-Year FEs	Yes	Yes	Yes	Yes	Yes	Yes

IMFS WORKING PAPER SERIES

Recent Issues

160 / 2021	Natascha Hinterlang Josef Hollmayr	Classification of Monetary and Fiscal Dominance Regimes using Machine Learning Techniques
159 / 2021	Volker Wieland	The decline in euro area inflation and the choice of policy strategy
158 / 2021	Matthew Agarwala Matt Burke Patrycja Klusak Moritz Kraemer Kamiar Mohaddes	Rising Temperatures, Falling Ratings: The Effect of Climate Change on Sovereign Creditworthiness
157 / 2021	Yvan Lengwiler Athanasios Orphanides	Collateral Framework: Liquidity Premia and Multiple Equilibria
156 / 2021	Gregor Boehl Cars Hommes	Rational vs. Irrational Beliefs in a Complex World
155 / 2021	Michael D. Bauer Eric T. Swanson	The Fed's Response to Economic News Explains the "Fed Information Effect"
154 / 2021	Alexander Meyer-Gohde	On the Accuracy of Linear DSGE Solution Methods and the Consequences for Log-Normal Asset Pricing
153 / 2021	Gregor Boehl Philipp Lieberknecht	The Hockey Stick Phillips Curve and the Zero Lower Bound
152 / 2021	Lazar Milivojevic Balint Tatar	Fixed exchange rate - a friend or foe of labor cost adjustments?
151 / 2021	Thomas Jost Franz Seitz	Designing a European Monetary Fund: What role for the IMF?
150 / 2021	Gerhard Rösler Franz Seitz	Cash and Crises: No surprises by the virus
149 / 2021	Wolfgang Lechthaler Mewael F. Tesfaselassie	Endogenous Growth, Skill Obsolescence and Output Hysteresis in a New Keynesian Model with Unemployment
148 / 2021	Gregor Boehl	Efficient Solution and Computation of Models with Occasionally Binding Constraints
147 / 2021	Brian Fabo Martina Jančoková Elisabeth Kempf Luboš Pástor	Fifty Shades of QE: Conflicts of Interest in Economic Research

146 / 2021	Robert C.M. Beyer Lazar Milivojevic	Dynamics and Synchronization of Global Equilibrium Interest Rates
145 / 2020	Lars P. Feld Volker Wieland	The German Federal Constitutional Court Ruling and the European Central Bank's Strategy
144 / 2020	Mátyás Farkas Balint Tatar	Bayesian Estimation of DSGE Models with Hamiltonian Monte Carlo
143 / 2020	Gregor Boehl Felix Strobel	U.S. Business Cycle Dynamics at the Zero Lower Bound
142 / 2020	Gregor Boehl Gavin Goy Felix Strobel	A Structural Investigation of Quantitative Easing
141 / 2020	Karl-Heinz Tödter	Ein SIRD-Modell zur Infektionsdynamik mit endogener Behandlungskapazität und Lehren für Corona-Statistiken
140 / 2020	Helmut Siekmann Volker Wieland	The Ruling of the Federal Constitutional Court concerning the Public Sector Purchase Program: A Practical Way Forward
139 / 2020	Volker Wieland	Verfahren zum Anleihekaufprogramm der EZB
138 / 2020	Francisco Gomes Michael Haliassos Tarun Ramadorai	Household Finance
137 / 2019	Martin Kliem Alexander Meyer-Gohde	(Un)expected Monetary Policy Shocks and Term Premia
136 / 2019	Luc Arrondel Hector Calvo-Pardo Chryssi Giannitsarou Michael Haliassos	Informative Social Interactions
135 / 2019	Tiziana Assenza Alberto Cardaci Domenico Delli Gatti	Perceived wealth, cognitive sophistication and behavioral inattention
134 / 2019	Helmut Siekmann	The Asset Purchase Programmes of the ESCB – an interdisciplinary evaluation
133 / 2019	Josefine Quast Maik Wolters	Reliable Real-time Output Gap Estimates Based on a Modified Hamilton Filter
132 / 2019	Galina Potjagailo Maik Wolters	Global Financial Cycles since 1880
131 / 2019	Philipp Lieberknecht Volker Wieland	On the Macroeconomic and Fiscal Effects of the Tax Cuts and Jobs Act