FELIX KOENIG

MAILING ADDRESS
Princeton University
Industrial Relations Section
Louis A. Simpson International Building
Princeton, NJ 08544

CONTACT INFORMATION
Web: www.FelixKoenig.com
Email: fkoenig@princeton.edu

EMPLOYMENT

Princeton University
Postdoctoral Fellow in Economics, Industrial Relations Section 2019 - 2020

Carnegie Mellon University
Assistant Professor, Heinz College 2020 -

EDUCATION

London School of Economics (LSE),
Ph.D. in Economics, 2019
Advisors: Steve Pischke (main), David Autor, Alan Manning, John van Reenen

MRes in Economics, 2015

MSc in Economics, 2012

Massachusetts Institute of Technology (MIT)
Visiting Ph.D., 2017 – 2018

Oxford University
BA in Philosophy, Politics & Economics, 2011

PRIMARY FIELDS

Labor Economics, Public Economics, Applied Microeconomics

HONORS, SCHOLARSHIPS AND FELLOWSHIPS:

2017 – current	IZA Research Affiliate
2013 – current	Centre for Economic Performance (CEP) Affiliate
2017 – 2018	Overseas Institutional Visit Grant, LSE Doctoral Training Centre
2017	Best Paper Award, Royal Economics Society Junior Symposium
2013 – 2018	ESRC Doctoral Scholarship
2012	LSE Department of Economics Teaching Award
2009 – 2011	Hertford College Scholar, University of Oxford

LANGUAGES

English (Fluent), German (Fluent), French (Good), Spanish (Good)

WORKING PAPERS:

Superstar Earners and Market Size: Evidence from the Roll-Out of TV
Best Paper Award, Royal Economics Society Junior Symposium

This paper exploits a historic natural experiment to test a leading explanation for top income growth, the superstar theory. The superstar theory attributes rising top incomes to expanding market reach. A drastic expansion in market reach occurred in entertainment during the roll-out of television in the mid-20th century. Exogenous variation in the local deployment of television filming allows me to identify the effect on the entertainer wage distribution by comparing local labor markets with and without local TV show filming. I analyze newly collected data on local entertainer labor markets and find that markets where a TV station is launched experience sharp income concentration at the top of the distribution. Wages of stars grow nearly 20% in response to a fourfold increase in market size. A distinctive pattern of wage changes helps distinguish the superstar model from alternative explanations. Growth of top pay occurs simultaneously with widening income differences at the top, a decline in mid-income jobs, an increase in low-paid jobs and a fall in total entertainer employment. Labor market institutions that might mediate top income growth have little impact on the magnitude of superstar effects. Only employer monopsony power dampens top pay growth significantly.

Reservation Wages and the Wage Flexibility Puzzle (joint with A. Manning and B. Petrongolo)

Labor demand shocks lead to rising unemployment if wages adjust sluggishly. We show that canonical search models struggle to match the data, particularly reservation wages, even if wages are only occasionally renegotiated. We argue that this can be fixed with an alternative model of the reservation wage that considers that job search is reference dependent. We provide evidence that reservation wages significantly respond to backward-looking reference points, as proxied by rents earned in previous jobs. In a model calibration we show that backward-looking reference dependence markedly reduces the predicted cyclicality of both wages and reservation wages and can reconcile the canonical model with the observed cyclicality of wages and reservation wages.

Labor Supply and Innovation in Entertainment: Evidence from TV (joint with G. Fenton)

We test the effect of innovation in entertainment on labor supply. To identify the effect, we track TV signal during the introduction in the US and exploit variation from a regulated roll-out and terrain interference. Social security records show that the introduction of TV significantly reduced labor supply. The effects are largest for older workers. This confirms descriptive evidence that better leisure activities contributed to changes in retirement habits over the twentieth century. GDP relevant spending on free-to-use services like TV is notoriously low and likely understates the value added of such technology. We apply our estimates to quantify forgone earnings due to TV and find that the value of such time-investment is at least as large as the monetary expenditure on TV.

PUBLICATION:

Can Helping the Sick Hurt the Able? Incentives, Information and Disruption in a Welfare Reform
(joint with N. Bagaria, B. Petrongolo, J. van Reenen)
Economic Journal *forthcoming*

The UK Jobcentre Plus reform sharpened bureaucratic incentives to help disability benefit recipients (relative to unemployment insurance recipients) into jobs. In the long-run, the policy raised disability exits by 10% and left unemployment outflows roughly unchanged, consistent with beneficial reorganization effects for both groups, while bureaucrats shifted job-brokering efforts from the unemployed to disability benefit recipients. We account for about 30% of the decline in the disability rolls from 2003-2008. In the short-run, we detect a reduction in unemployment exits and no effect on disability exits, suggesting important disruption effects, and highlighting the difficulty of welfare reform for myopic policymakers.