

**LAURENT BACH**

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**Home Contact Information**

Pontonjägatan 8  
11222 Stockholm, SWEDEN

**Personal Information:** Date of Birth: February 9, 1982; Citizenship: France

**Position:** Assistant Professor of Finance at the Stockholm School of Economics (since July 2010)

**Education:**

- 2001 - 2004 HEC Paris, M.Sc. in Management (*Grande école* Program)
- 2004 - 2005 Paris School of Economics, M.A. in Economics, *summa cum laude*
- 2005 - 2006 London School of Economics, Visiting Student at the Department of Economics
- 2005 - 2009 Paris School of Economics, Ph.D. in Economics, *summa cum laude*  
**Thesis Title:** “Essays on Corporate Finance and Governance”  
Thesis defended on the 9<sup>th</sup> of December 2009
- 2009 - 2010 NYU-Stern School, Visiting Scholar at the Department of Finance

**References:**

Professor Thomas Piketty Paris School of Economics +33 (1) 43 13 62 50, piketty@ens.fr	Professor Romain Rancière Paris School of Economics +33 (1) 43 13 62 53, ranciere@ens.fr
Professor David Thesmar HEC Paris +33 (1) 39 67 94 12, thesmar@hec.fr	

**Teaching and Research Fields:**

Primary fields: Corporate Finance, Microeconometrics  
Secondary fields: Public Economics, Political Economy

**Teaching Experience:**

- 2005 - 2006 Public Economics, London School of Economics, Teaching Fellow
- Spring 2007 Introduction to Macroeconomics, Sciences-Po Paris, Teaching Fellow
- Fall 2007 Intermediate Microeconomics, ENSAE, Teaching Fellow
- 2007 - 2008 Applied Statistics, Université Paris 1-Sorbonne, Teaching Fellow
- 2007 - 2009 Introduction to Microeconomics, Sciences-Po Paris, Teaching Fellow
- Fall 2008 Evaluation of Public Policies, ENSAE, Teaching Fellow
- 2008 - 2009 Intermediate Microeconomics, Paris School of Economics, Teaching Fellow
- 2010 - 2012 Empirical Corporate Finance, Stockholm School of Economics, Lecturer

### **Research Experience and Other Employment:**

Summer 2002	Paris Town Hall, Consultant
Summer 2003	Natexis (Madrid), Consultant
Summer 2004	French Embassy in Cuba (Havana), Consultant
Spring 2006	London School of Economics, Research Assistant for Professor Roman Inderst
Spring 2007	Paris School of Economics, Research Assistant for Professor Sylvie Lambert
2006 – 2009	CREST-INSEE (Laboratory of Microeconometrics), Research Affiliate
2008 - today	Paris School of Economics, CEPREMAP Reserch Fellow

### **Conferences and Seminar Presentations :**

2005	LSE, PSE
2006	PSE, CORE, CREST-INSEE
2007	PSE, CREST-INSEE
2008	CESifo (Munich), OFCE (Paris), Spring Meeting of Young Economists (Lille), HEC-INSEAD-PSE Workshop (Fontainebleau), CAED conference (Budapest), COST conference (Paris), AFSE (Paris), EEA (Milan), PSE, CREST-INSEE
2009	PSE, CREST-INSEE
2010	Toulouse School of Economics, Warwick Business School, LBS, University of Naples, Royal Holloway University, SSE, Banque de France, University of Amsterdam, Saïd Business School, LSE, World Congress of the Econometric Society (Shanghai), SIFR, IFN
2011	Gerzensee CEPR meeting, Journées Louis-André Gérard-Varet (Marseille), SSE, Stockholm University, SITE
2012	Oslo SSB, Oxford Centre for Business Taxation, Uppsala University

### **Referee:**

*American Economic Journal: Applied Economics, Review of Economics and Statistics, Journal of Public Economics, Labour Economics, Economics of Transition, European Financial Management*

### **Honors, Scholarships, and Fellowships:**

2005-2006	Marie Curie Fellowship (European Doctoral Program)
2005-2008	Doctoral Fellowship, French Ministry of Research
2008-2009	Thesis Completion Grant, CREST-INSEE
2009-2010	Thiers Foundation Fellow
2010-today	Wallander Foundation Fellow

### **Publications (in French) :**

“Les transmissions d’entreprise héréditaires sont-elles moins efficaces ? Le cas de la France entre 1997 et 2002” [“Are Dynastic CEO Transitions Efficient ?”], *Revue Économique*, 60 (3), 787-796, 2009.

### **Research Papers:**

“Are Small Businesses Worthy of Financial Aid? Evidence From a French Targeted Credit Program”, *R&R Review of Finance*

I measure the extent to which small businesses unduly lack credit. To address endogeneity, I study a French policy of targeted loans with subsidized interests. Extensions of the program allow me to identify its effects. Using quasi-exhaustive firm-level data, I find that the program substantially increases debt financing without substitution between subsidized and unsubsidized finance. Returns on subsidized debt are significantly above the market cost of debt, with no surge in default risk. I interpret this as evidence that sampled firms were credit constrained and underline welfare differences between targeted loans and loan guarantees involved by my estimates.

### “Should Politicians be Forbidden Multiple Office-Holding? Evidence from France”

In this paper, I estimate the degree to which the practice of simultaneously holding local offices undermines French MPs' efficiency. I identify the causal effect of holding a local executive office by comparing the outcomes of those politicians who win a mayoral office by a small margin with those of politicians who lose such an office by a small margin. My first finding is that winning a mayoral office does not significantly increase the chances either of running for or winning a legislative election. My second finding is that holding a significant local executive office reduces committee attendance by one third, an effect of the same magnitude as that of belonging to the opposition party rather than the majority party in Parliament. I reconcile those findings by making the conjecture that committee attendance is a national public good while the benefits of mayoral offices are restricted to the MPs' constituency.

### “Why are Family Firms so Small? Theory and Evidence from France”

In this paper, I ask whether family firms provide stability to their stakeholders at the expense of economic growth. I build a model where current owners of dynastic firms derive private benefits from keeping the control of the firm within the family over the generations. Such preferences induce family-minded entrepreneurs to invest in small and safe projects. Predictions of the model are tested using a newly constructed firm-level panel dataset covering both private and listed French firms for the period stretching from 1994 to 2006. The main finding is that family firms are on average 30% smaller than regular firms in terms of sales. However, these firms also choose significantly less volatile sales and employment growth paths. The empirical pattern of financial management in family firms is consistent with the model: family firms incur less debt and hold more cash than their regular counterparts, and these differences are statistically and economically very significant. The results hold in both cross-sectional and longitudinal analysis, after careful control for potential confounding factors.

### “CEO Identity and Labor Contracts: Theory and Evidence from CEO Transitions” with Nicolas Serrano-Velarde

This paper assesses how CEO transitions shape labor contracts within firms. We argue that family links between a new CEO and his predecessor act as a commitment device for upholding implicit contracts with the workforce. We jointly model CEO choice and labor contracts, allowing for interactions with economic shocks. Our empirical findings confirm the two main predictions of the model. First, dynastically-promoted CEOs are associated to lower layoff risks but also to both lower entry wages and wage raises. Second, we show that differences, in terms of layoffs, between dynastic and non-dynastic CEO successions are greater when labor markets are more frictional.

### **Research Papers in Progress**

“Tax Collection and Corporate Governance: Evidence from French Businesses”

“The Impact of Failures of Gibrat's Law on Firm Size Distribution”, joint with Sylvain Champonnois, Andrei Levchenko and Romain Rancière

### **Languages:**

Fluent in English, French (native) and Spanish