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Wealth Inequality: Opportunity for Me or for Others?*

Michael Haliassos†, Thomas Jansson‡, and Yigitcan Karabulut§

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Abstract

Early exposure to local wealth inequality and salient wealth transitions propagates both. Unique administrative data and a quasi-field experiment with exogenous assignment show that this exposure leads better-educated, but not less-educated, households to take financial, real-asset, and self-employment risks and move up the wealth distribution. We find little evidence for responses involving better-paying, more secure jobs, or human capital accumulation. Our findings point away from supply-side factors favoring wealth accumulation by the better-educated, and instrumental-variable tests using asset-return-driven shocks to local wealth inequality strengthen this interpretation. Neighborhood-level analyses suggest local exposure and social transmission are the operative propagation mechanism.

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

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

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1 Introduction

Rising wealth inequality and stagnating economic mobility in many developed countries have reignited intense debates in both the academic and public spheres (Chetty et al., 2014; Piketty, 2014). These trends challenge fundamental principles of modern economies, such as meritocracy and equal opportunity, and have far-reaching implications, including weakened social cohesion, increasing polarization, and a resurgence of populism. While considerable attention has been devoted to identifying the sources of wealth inequality and economic mobility (Benhabib and Bisin, 2018; De Nardi and Fella, 2017; Chetty and Hendren, 2018a,b), their interaction remains underexplored. Even within a given country, wealth inequality and opportunities for upward movement vary significantly across regions (Chetty et al., 2014). Yet much of this literature studies wealth inequality as an outcome. The focus of the current study is on understanding whether greater observed local wealth inequality and transitions into the top of the local wealth distribution, over time rather than across generations, impede or propel wealth accumulation and upward movement of those launching their economic lives. This is critical to understanding the propagation of wealth inequality and the unequal responsiveness of different groups to opportunities for transition to higher wealth strata.

Wealth concentration at the top, coupled with salient examples of substantial upward wealth transitions in the local environment, can serve as an ambiguous signal to individuals starting their economic lives. For some, particularly those who can identify and exploit economic opportunities, this can signal their own potential for an upward wealth transition, leading them to take steps to accumulate wealth, such as investing in risky financial assets, becoming homeowners, or starting a business. Others, however, may interpret local wealth disparities and success stories as indicative of what only others can achieve, leaving them behind. These differential responses to the combination of local wealth inequality and upward wealth transitions are likely to depend on the ability to acquire and process information and to manage risk without being destroyed by it, as reflected in educational attainment.

This paper examines whether and how greater early-career exposure to local wealth inequality and to salient examples of upward wealth transitions in the local community leads some to reach higher ranks in their cohort-specific wealth distribution in the

medium to longer run, while it fails to move others, leaving them behind. Importantly, greater local wealth inequality means not only greater local disparities in wealth, but also more limited local segregation between rich and poor households for any given level of overall wealth inequality in the country. While the question is quite general, our findings suggest an important role for financial shocks that move local top wealth shares in areas with greater exposure to stock market and business risk, and for a response mechanism that operates through greater financial, real, and entrepreneurial risk taking, all of which are directly relevant for finance.

A challenge to addressing the question empirically is that people typically choose where to reside, making causal inference difficult. We exploit Sweden's refugee settlement policy, a unique quasi-natural experiment that created exogenous variation in refugees' initial locations by assigning newly arrived, destitute households to apartments across the country as they became available, without allowing them to choose their location. This policy represents one of the few instances in modern democratic societies where people are exogenously assigned to different locations on such a large scale, providing a rare setting for empirical testing. The refugees in our sample began their (new) economic lives in Sweden with very limited wealth, at the bottom of the wealth distribution, making initial differences in wealth unlikely to confound our analysis. As newcomers in an unfamiliar environment, refugees had to observe their new economic environment, including the actions of those around them, upon arrival, allowing us to time the formative observation of local conditions. Our analysis uses a rich household panel dataset spanning over two decades, which tracks household wealth trajectories and locations, both geographic and in the aggregate cohort-specific wealth distribution, while enabling us to control for aggregate conditions, cultural factors, and regional characteristics. Because local wealth inequality and wealth transitions are bundled with local labor market, housing market, business, and financial conditions, these data are also useful for separating the role of exposure to concentrated wealth and upward wealth transitions from correlated local confounding factors.

When refugees are assigned to a new country and neighborhood, they are particularly receptive to information about the local economic environment, possibly conveyed through their own observation and through social interactions with neighbors. In the base analysis, we measure the local wealth inequality using the share of wealth held by the top

10% of households in the municipality of initial assignment in the refugee's arrival year. We focus on the top wealth share, where wealth differences are most visible and where successful wealth accumulation is most likely to stand out. Transitory changes around otherwise persistent local characteristics are especially likely to be salient. We leverage this feature by exploiting intertemporal variation in top 10% wealth shares at the municipality level across the five refugee arrival years (1987–1991), while including municipality fixed effects. This approach identifies the effect of local wealth inequality from within-municipality variation over time. Complementarily, we exploit broader cross-sectional variation by using municipality-level top 10% wealth shares in specifications with county, or even county-by-arrival-year, fixed effects.

Across these approaches, a clear and robust pattern emerges: higher local wealth inequality in the municipality of initial placement predicts a higher eventual position of refugee households in the nationwide, cohort-specific wealth distribution 10 to 20 years later. This effect, however, is statistically and economically significant only for college-educated households. Moreover, the relationship is nonlinear, with effects concentrated in the upper tail of the distribution of local wealth inequality across municipalities. The findings are robust to using alternative measures of local wealth inequality, including the wealth Gini coefficient, the top 20% wealth share, and the top 1% wealth share. A placebo exercise that randomly reassigns inequality exposure across municipality-year cells yields insignificant estimates, further supporting the interpretation of the results.

The effects are strongest in areas that combine high wealth inequality with evidence of opportunity, as captured by the presence of wealth transitions. Specifically, the impact of initial local inequality on long-run wealth accumulation is concentrated in municipalities with above-median rates of upward transitions at the top of the local wealth distribution. In municipalities with limited top-wealth turnover, the effect is absent. Thus, local wealth concentration matters only when it is accompanied by signs that the top is permeable. These findings are robust to the timing of measured wealth inequality.[1]

The findings are also robust across alternative wealth outcomes: higher initial wealth inequality leads to greater refugee net wealth over the longer run, whether measured in

[1]Replacing inequality in the allocation year with a three-year average around settlement, or with averages over the full refugee allocation period, yields consistent results. Decomposing inequality into a five-year municipality average and a deviation at the time of assignment shows that both components matter for educated refugees, but the arrival-year-specific deviation is economically more important.

levels, in inverse-hyperbolic-sine form, or in financial wealth relative to income. The results also hold when wealth ranks are defined relative to the local municipality or county wealth distributions, rather than the nationwide. Thus, our findings refer to propagation not only of economy-wide wealth inequality but also of local wealth inequality and relative standing within the local wealth distribution. Geographic refinement using parish-level wealth inequality, where parishes are the smallest administrative units within municipalities, confirms the findings and suggests that the results are not driven by the choice of municipality as the relevant local unit. Excluding households that ever commuted during the observation period (1999–2007) does not alter the results, alleviating concerns about spatial spillovers from neighboring labor markets.

One possibility is that our findings reflect more favorable economic conditions for educated refugees in certain areas rather than exposure to wealth inequality and transitions. This is a natural concern, since local wealth inequality is bundled with local labor market, housing market, business, financial, and human capital conditions that may themselves facilitate wealth accumulation. There are several findings pointing away from such an automatic supply-side mechanism. The findings persist after controlling for municipality-, county-, and parish-level fixed effects, and extensive household characteristics. Adding a comprehensive set of time-varying local controls measured at assignment does not attenuate the estimates.

Searching for some missing variable that happens to correlate with wealth inequality and transitions but truly accounts for the effects can be an endless exercise. Therefore, we apply an instrumental-variable estimation, which further supports a causal interpretation: using variation in local wealth inequality induced by aggregate stock market fluctuations, interacted with predetermined local stockholding shares among top-wealth households in a Bartik-style design, shows that increases in local wealth inequality driven by asset price movements raise long-run wealth ranks for educated refugees while being estimated to lower the ranks of the less educated. Thus, the estimated effects are even stronger than in our base specification, where only effects on the educated register as significant. Importantly, this instrumented variation does not register effects on labor income or unemployment risk, as simple labor-market channels would imply. Results are even stronger when using the MSCI World Index rather than national stock market variation, which is even more removed from local conditions.

The logic of the instrument follows from the fact that equity returns disproportionately affect wealth at the top of the distribution, and therefore move local top wealth shares more strongly in places where wealthy households initially were more exposed to the stock market (Gomez, 2025; see also Kuhn et al., 2020). These results point to a potential important finance-specific channel of propagation: asset-return shocks can change local top wealth shares and, through the local wealth environment they create, influence the subsequent wealth accumulation choices of households exposed to them.

We present further empirical evidence making it unlikely that the key mechanism operates through local fundamentals that favor educated workers. If greater local wealth inequality merely reflected higher-paying jobs, safer employment, or stronger formal skill accumulation, we would expect to see improvements along those margins. Instead, we find no evidence that exposure to wealth inequality and transitions improves longer-run labor market outcomes of households, such as earnings, employment stability, or educational attainment. Nor is the effect concentrated in richer parishes where economic opportunities are plausibly greater. On the contrary, the impact is stronger in relatively poorer parishes with worse subsequent income growth. This pattern is difficult to reconcile with a simple supply-side explanation that postulates better growth opportunities for the educated.

Instead, the evidence points to a mechanism that runs through exposure to local wealth inequality and upward wealth transitions, which appear to make risk-taking vehicles for wealth accumulation more salient. Households exposed to higher wealth inequality and salient upward wealth transitions respond by taking greater financial, real, and entrepreneurial risks, as reflected in higher stock market participation, homeownership, and self-employment rates. There are several findings that support this interpretation. These responses are particularly pronounced in municipalities with high rates of wealth transitions and are more common in poorer neighborhoods, where such transitions are likely to attract greater attention. The effect is also stronger in municipalities where wealth at the top is more visible, as captured by the prominence of housing wealth among top-wealth households. This visibility result is not simply a housing market story: the effect depends on housing wealth among top-wealth households, not on housing wealth among the bottom 90% of the wealth distribution.

In addition, the neighborhood evidence sharpens this interpretation. We move the

analysis from municipalities and parishes to electoral districts, the most disaggregated residential geography available in our data. Electoral districts are small residential units nested within parishes, typically containing only a few hundred to a couple of thousand residents. This fine residential geography allows us to capture exposure in the immediate residential environment in which observation, salience, and social transmission are likely to be present, consistent with evidence on social interactions in household finance (Hong et al., 2004; Kaustia and Knüpfer, 2012; Kuchler and Stroebel, 2021).

Consistent with this interpretation, we find that exposure to a greater share of neighbors who experienced large upward wealth transitions, specifically those moving from the bottom 90% to the top decile of the municipal wealth distribution around the time of refugee assignment, predicts significantly higher long-run wealth ranks for educated households. These results hold within parishes, controlling for detailed electoral-district characteristics and wealth dynamics (including initial average wealth and the frequency of medium-sized wealth increases in the initial electoral district), and are strongest in poorer areas, where such transitions are likely to be more salient. In contrast, proximity to already-rich ("incumbent") households has no additional effect once average neighborhood wealth is controlled for. Thus, the evidence points to direct exposure to upward wealth transitions, which are more likely to attract attention especially in poorer areas, rather than to static neighborhood conditions.

Finally, the characteristics of the neighbors who experienced large upward wealth transitions sharpen the interpretation by identifying what may be salient and socially transmitted. Compared to households not moving up to the top of the wealth distribution, households that exhibit upward wealth transitions are substantially more likely to (ex ante) participate in the stock market, be self-employed, and own their homes. Moreover, the long-run wealth effects on educated households are strongest in localities where such risk-taking activities are more prevalent. These activities are also the key vehicles through which educated refugees themselves accumulate wealth in response to local wealth inequality and upward transitions. Taken together, the evidence suggests that local wealth concentration affects subsequent wealth accumulation when it is paired with salient upward wealth transitions, and that educated refugees respond along the same financial, real, and entrepreneurial margins that typically characterize movement to the top of the local wealth distribution.

Links to Literature Related literature supports various aspects of our analysis. Recent research has found a close positive correlation between educational attainment and returns on net wealth and on each of its main sub-components (see Girshina (2019) for Swedish data and Fagereng, Guiso, Holm, and Pistaferri (2020) for Norway), while Barth, Papageorge, and Thom (2020) find a positive relation between educational attainment and retirement wealth among US households and Rustichini et al. (2023) provide further support for the importance of intelligence. 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. They 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. Recent research in perception, cognition, and developmental and social psychology focusing on perception of inequality stresses the importance of interpersonal comparisons, media attention, and physical attributes of the built environment as informational cues on local economic inequality that people receive from their environment (Phillips et al., 2020; Suss, 2021). Such cues are likely to be more abundant and better processed by the more educated.

Our work relates to several strands of literature. An important link is to the literature on wealth inequality. The relationship between investment in financial education and expected returns for wealth inequality was modeled by Lusardi, Mitchell, and Michaud (2017), and empirically validated by Altmejd, Jansson, and Karabulut (2024). The importance of asset returns for wealth inequality was demonstrated by Benhabib, Bisin, and Zhu (2011), who showed that idiosyncratic rates of return govern the right tail of the wealth distribution, rather than income risk. Gabaix, Lasry, Lions, and Moll (2016) showed that persistently high returns can generate distributions with a fat right tail. A 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.

Our paper links to the fast growing literature on peer effects on financial behavior, recently surveyed in Gomes, Haliassos, and Ramadorai (2021) and in Kuchler and Stroebel

(2021), and it also relates to a multifaceted strand of literature highlighting the importance of exposure to surrounding conditions for subsequent behavior. The importance of neighborhood conditions for educational attainment and future income levels has been studied in the literature on the "Moving to Opportunity" experiment (MTO). This offered randomly selected families living in high-poverty housing projects housing vouchers to move to lower-poverty neighborhoods. Chetty et al. (2016) found that this improved college attendance rates and earnings for children who were below age 13 when their families moved, but not for older ones.[2] In a related financial context, Malmendier and Nagel (2011) demonstrated the link between exposure to stock returns and subsequent stock market participation. Kuhnen and Miu (2017) and Das et al. (2019) focused instead on the exposure to current macroeconomic conditions and to their variations over the business cycle.

Our findings on differential financial response of the more educated to wealth inequality in areas with high wealth transitions parallel and extend to wealth inequality features of models of motivated beliefs (Bénabou and Tirole, 2006), originally built for work behavior and income inequality: 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.

Finally, the quasi-random experiment of refugee allocation has been fruitfully used in other papers for very different purposes.[3]

Section 2 describes the refugee allocation program, the data, and the identification strategy. Section 3 reports the baseline effects of exposure to local wealth inequality and shows how these effects depend on local wealth transitions. Section 4 addresses confounding local economic factors and alternative supply-side explanations. Section 5 inspects the mechanism, focusing on salience, neighborhood exposure, and risky financial, real, and entrepreneurial choices. Section 6 concludes.

[2]See also Ludwig et al. (2013); and Derenoncourt (2022) on MTO in the Great Migration, 1940-70.

[3]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 The Identification Strategy and the Data

2.1 Relevant Features of the Refugee Allocation Program

In our empirical analysis, we focus on a unique, quasi-random field experiment of exogenous allocation of destitute refugees to areas whose local inequality and wealth transitions they could not have anticipated, at a time that was - by definition - the launch of their economic life in the new country. Specifically, we exploit a Swedish policy of exogenously allocating refugees to available apartments shortly after they obtained their residence permit, in response to congestion arising from self allocation of refugees in major cities in the past.[4] 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 2.2, 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. Nevertheless, about one third of the refugee sample had at least some college education. We are also able to observe any subsequent movements of the 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 region 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.

The way in which the placement program assigned refugees to particular apartments is important for the validity of this identification assumption. Did the Immigration 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

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

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 60 percent of refugees had moved from the place of their initial placement by the year 2000. 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, on average, 8.7 years in their initial municipality.

As a further check of possible sorting, we regress our key measure of local 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 at arrival. As seen in Table O.A.1, 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 local 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.

2.2 The Household Panel 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.

LINDA provides data on an annual sample of around 300,000 individuals (about 3% of the total Swedish population) and their family members, and an additional sample of around 200,000 immigrant individuals, representing about 20% of all immigrants, and their families. Importantly, the data include detailed demographic and financial characteristics, but also precise locational information over the entire period, tracking any relocations.[5] The extensive financial data come from the data collected for purposes of wealth taxation and refer to the period 1999-2007 only. 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 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.[6]

[5] Demographic characteristics relate to the "household head", as determined by the Canberra definition, while income, wealth, and its components refer to the household. See Haliassos et al. (2017) for further details.

[6] A valid concern is whether some refugee households held (unreported) assets abroad, or received transfers from relatives abroad. To the extent that foreign transfers are brought into Sweden and held in assets that enter the Swedish financial system, they are reflected in the administrative wealth register. Undeclared assets held abroad are harder to observe, which we acknowledge as a data limitation. Unfortunately, we cannot decompose wealth by exact source, so we cannot separately identify wealth coming from own savings, inheritances, or inter vivos transfers. At the same time, several features of the setting make assets held abroad or transfers unlikely to be the main drivers of our findings. The refugee sample is restricted to households admitted for humanitarian reasons and with insufficient private resources, while immigrants entering for work, studies, family reunification, or with sufficient means of support are excluded. In addition, it is not obvious why such potential foreign asset holdings or transfers would vary systematically with the quasi-random municipality assignment at arrival. Moreover, all empirical specifications include country-of-origin fixed effects, which absorb persistent cross-country differences in average family resources, remittance networks, the importance and difficulty of getting education in the home country, and related factors.

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 came to Sweden for reasons related to work, family ties, studies, other reasons, as well as those with sufficient living supplies. We also exclude refugees who first appear in the LINDA data with an adult family member who was already residing in Sweden or was holding a Swedish citizenship. As an extra step, we only consider refugee households that first appear in LINDA in the year of immigration or in the immediately following year. We also make sure that, for all 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 precautionary steps to avoid misclassifying immigrants, we end up with a final sample of about 5,105 refugee immigrants per observation year (i.e., in the period 1999-2007). As shown in Table O.A.2, 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 either 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 9% each).

Figure O.A.1 provides a first descriptive look at the household panel data. It plots average household net wealth in 1999–2007 by exposure to relatively higher versus lower levels of local wealth inequality in the initial municipality, separately by education level and by whether the initial municipality had a relatively high or low frequency of wealth transitions at the top of the wealth distribution (using the measures of local wealth inequality and wealth transitions defined in Section 2.3). In municipalities exhibiting more frequent wealth transitions at the top, the raw patterns suggest that college-educated refugees assigned to more unequal municipalities accumulate significantly more wealth than their counterparts assigned to less unequal municipalities, whereas no comparable difference appears for the less educated. In municipalities with more limited wealth tran-

sitions, by contrast, initial exposure to local wealth inequality does not appear to generate meaningful differences in later wealth levels for either education group.

2.3 The Estimation Model

We use the quasi-random refugee allocation design to estimate the causal effect of local wealth inequality encountered at settlement, that is, at the start of economic life in Sweden, on subsequent household wealth accumulation and related household financial and labor outcomes. In the benchmark analysis, we focus on wealth concentration at the top 10% of the local wealth distribution. Even though the concentration of local wealth at the top of the distribution and the contrasts this produces are probably the best candidate reference point for arriving refugees, we later show that our key findings are robust to using alternative measures of wealth inequality.

In the Swedish setting, the municipality of initial placement is an important administrative and political entity, providing for example for primary and secondary schools, public libraries, urban planning, elderly care, social welfare, and many other essential social services. At the time of the placement program, Sweden had 284 municipalities, of which 277 participated in the allocation program, nested within 24 counties. In the benchmark analysis, we therefore begin with wealth inequality estimated at the municipality level. In additional analysis, we redefine local wealth inequality at the *parish* level, that is, the smallest administrative unit within a municipality. By the year of 2000, Sweden had 2,482 parishes. In further analysis, we zoom in to the immediate residential environment (electoral districts), which are nested within parishes. All over the country, there were roughly 5,700 electoral districts, typically containing between a few hundred and a couple of thousand residents. This unusually fine locational granularity of the data, combined with quasi-random assignment to an available apartment, is a central strength of our empirical setting since it allows us to move from municipality-level to parish-level exposure and, ultimately, to electoral district level exposure. A geographic illustration is provided in Online Appendix Figure O.A.2.[7]

[7]For perspective, the municipality of Stockholm covers 187.17 square kilometers. It is further divided into 29 parishes. Within the city boundaries, there are 537 electoral districts, implying average districts of roughly 590×590 meters under a square-area benchmark. In the central Stockholm parish of Hedvig Eleonora, the average electoral district is about 274×274 meters and contains roughly 1,368 residents.

Our main explanatory variable, $WINEQ_{m0}$, is the share of total household taxable wealth held by the top 10% of the wealth distribution in the municipality of initial placement, m, in the refugee's arrival year, $0 \in [1987, 1988, 1989, 1990, 1991]$. We compute this municipality-year measure from the full LINDA sample. Because taxable net wealth rather than comprehensive market-value wealth is observed during the initial placement period, 1987-1991, an essential question is whether taxable wealth provides a reliable ranking of municipalities by top-tail wealth concentration during that time period. The analysis presented in the Online Appendix shows that this condition is satisfied.[8]

The measure of educational attainment, which is of central importance in this paper, comes from Statistics Sweden's education registers. It includes education obtained abroad, which is carefully mapped into comparable Swedish categories by the relevant authorities. Importantly, we interpret educational attainment as a measure of pre-existing human capital. This captures differences in average skills and abilities to respond to and act on local economic signals. It does not mean that foreign educational credentials are mechanically recognized in the Swedish labor market. A more detailed description is provided in the Online Appendix.

Since we split our sample in the empirical analysis by educational attainment (some college education or less), we check the distributions of our measure of wealth inequality in the two subsamples. As Panel A of Table O.A.4 shows, the two educational groups faced very similar distributions of our measure of initial wealth inequality.

We observe outcomes at times $t \in [1999, 2000, \ldots, 2007]$, roughly ten to twenty years after arrival in Sweden. This time horizon is particularly informative for the research question at hand, since refugees in our sample are initially destitute and differences in households' saving, portfolio choice, housing, entrepreneurship, and leverage decisions need time to translate into significant differences in household balance sheets. Our main outcome variable is the refugee household's rank in the nationwide wealth distribution of households in the same birth cohort, but we show robustness to alternative wealth

[8] In the 1999–2007 validation period, municipality-year top 10% wealth shares constructed from imputed taxable wealth (using the tax code in 1987-1991) line up extremely closely with the corresponding top wealth shares constructed from market-value wealth. The correlation between the two municipality-year measures is 0.971, and the pooled regression of the market-value top ten percent wealth share on the taxable-wealth top ten percent wealth share yields a slope of 0.997, an intercept of -0.035, and an R^2 of 0.947 across 2,607 municipality-year observations, as shown in Table O.A.3 and Figure O.A.3. The Online Appendix provides several complementary validation exercises.

outcomes, as well as intermediate outcomes regarding vehicles of wealth accumulation.[9] Net wealth is defined as the value of total household assets net of total household debt recorded in the Swedish administrative wealth registers.

Turning to the estimation model, for the benchmark municipality-level specification, we estimate regressions of the following form:

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

Here, i denotes the household, k the country of origin of the household head, m the municipality of initial placement, 0 the arrival year, and t the observation year.

In estimating the effect of initial exposure to local wealth inequality at the municipality level, β, we control for observed household characteristics, X_{ikm0t}, including the age category and gender of the household head, marital status, household size and composition, education, and labor-market status. In all regressions, we include in addition arrival-year fixed effects, γ_0, observation-year fixed effects, γ_t, and country-of-origin fixed effects, γ_k. The fixed effects for the country of origin absorb persistent differences in language, migration networks, and other origin-specific factors that may shape later financial choices and outcomes. These include, importantly, the various requirements for achieving the status of better-educated in the country of origin (and being recognized so in Sweden) compared to being less educated.

The identification strategy rests on the idea that, given the quasi-random assignment and the observed household characteristics, local wealth inequality at initial placement is orthogonal to unobserved household characteristics that would otherwise shape wealth accumulation many years later. In implementing this idea, we identify the effects of variations in local wealth inequality while controlling for time-invariant local features.

First, the baseline specifications with municipality fixed effects exploit intertemporal variation in municipality top 10% wealth shares across the five arrival years (1987–1991). By comparing refugees who arrive in different years but are assigned to the same mu-

[9]The wealth rank is the percentile in which the refugee household finds itself in the net wealth distribution among all sampled households in LINDA in the same birth cohort group (5-year interval), regardless of the origin of the household head. Thus, it compares the refugee household to all households in Sweden whose household head belongs in the same 5-year age group in the year of observation. In robustness checks, we instead use net wealth percentiles defined within the relevant municipality or county.

nicipality, this first specification absorbs all persistent municipality characteristics. At the same time, the municipality fixed-effects specification is not the only relevant source of variation. In a second specification, we introduce instead county fixed effects, which allow broader cross-municipality variation in local wealth inequality within counties to contribute to identification. Third, we estimate specifications with county-by-arrival-year fixed effects, which restrict the comparison to refugees who arrive in the same year and are assigned to different municipalities within the same county.

We also estimate alternative specifications to examine robustness or better understand the underlying mechanisms. In some, the geographical units of initial wealth inequality and of regional fixed effects are redefined. Others replace the arrival-year measure of local wealth inequality with three- or five-year averages of local wealth inequality around the year of arrival, or separate longer-run averages of local wealth inequality from deviations around them.

As our study focuses not only on local wealth inequality but also on opportunities to move up in the wealth distribution, we next combine local wealth inequality with a measure of transitions to the top of the local wealth distribution.[10] Note that our measure is not intended to capture intergenerational wealth mobility, but rather turnover at the top of the local wealth distribution during the formative years of the allocation experiment.

In all empirical exercises, we report OLS coefficients when the dependent variable is continuous, and linear probability model coefficients when it is binary. For skewed continuous variables, such as wealth and income, that may also include zeros, we typically use the inverse hyperbolic sine transformation but have also examined robustness to other transformations. Standard errors are clustered at the initial local unit used in the corresponding specification.

Finally, because the initial apartment placement was determined by the allocation program rather than by individual household choice, the baseline design does not require an instrument for β to admit a causal interpretation. In additional analysis, we nevertheless complement this quasi-random assignment design with instrumental-variables evidence that isolates asset price-driven variation in local wealth concentration, linking the identifying variation more directly to asset-price-induced changes in local wealth inequality.

[10] Specifically, we proxy for the opportunity of upward local wealth transition by one minus the fraction of households that were in the municipal top wealth decile in 1986 and remained there in 1992.

3 Effects of Initial Local Wealth Inequality and Opportunity

In this section, we present our baseline findings from the model described in Section 2.3, regarding the longer-run effects of local wealth inequality experienced at the start of economic life on subsequent household wealth rank position and on further wealth outcomes, measured 10 to 20 years later.

In our base runs, we focus on wealth concentration at the top 10% of the distribution as the relevant aspect of local wealth inequality. Although our findings are robust to alternative measures of wealth inequality, the wealth held by the richest 10% relative to the remaining households in the area can generate sharp contrasts in wealth outcomes that are more likely to be picked up by arriving refugees, either through direct observation or by talking to locals. It is also important to note that higher wealth inequality means both larger wealth differences, but also that poorer and richer households live in the same municipalities. In other words, higher local wealth inequality actually means higher exposure to rich people in the local area and a greater departure from ghetto-like structures with similar wealth levels and economic conditions, in which neighbors find themselves at similar wealth levels. In such structures, it is difficult for households to establish a clear reference point for wealth accumulation and future upward wealth transitions.[11]

When refugees arrive in a new country and neighborhood, they are receptive to information about the local economic environment that they obtain from others. Changes around time-invariant features of the neighborhood are more likely to trigger discussions with the neighbors than the persistent features. Based on this thought, we identify the effects of variations in local wealth inequality while controlling for time-invariant local features. We consider two possible sources of such variation in order to identify the effects of local wealth inequality. First, we exploit intertemporal variation in top 10% wealth shares at the municipality level across the five arrival years (1987–91), in the presence of municipality fixed effects (columns 1–2 in Table I, panel A). These specifications absorb all time-invariant municipality characteristics and therefore identify the effect from within-municipality variation in local wealth inequality over the allocation years. Secondly, we exploit broader cross-sectional variation in local wealth inequality by using top

[11] This interpretation is consistent with the broader literature on salience, social comparison, and status signaling, which shows that visible markers of economic success can affect beliefs and economic behavior (Charles et al., 2009; Bordalo et al., 2013; Bertrand and Morse, 2016).

10% wealth shares in the municipality in the presence of county fixed effects (columns 3–4 in Table I, panel A).

Table I (panel A) shows a clear and robust pattern: greater local wealth inequality in the municipality of initial placement leads to a higher eventual position of the refugee household in the nationwide, cohort-specific wealth distribution one to two decades later, but this effect is statistically significant only for college-educated households. For less-educated households, the corresponding estimates are small and statistically indistinguishable from zero. Note that these effects are within-lifetime (10 to 20 years after arrival to the country) rather than intergenerational.

In terms of economic magnitudes, a one standard deviation increase in the initial wealth inequality at the municipality level to which a better-educated household was exposed upon settlement increases her rank in the birth-cohort wealth distribution by 7.2 percentiles 10 to 20 years later, on average, in the municipality fixed-effects specification, and by 2.7 percentiles in the county fixed-effects specification.[12] This estimate corresponds to a sizable 24% increase in the mean net wealth rank of refugee immigrants (see Table O.A.4 in the online appendix for the descriptive statistics on household outcomes).[13] The asymmetric response to initial wealth inequality by educational attainment is therefore not only statistically meaningful, but also economically large.

There is also evidence of non-linearity in the effects. Table O.A.5 in the Online Appendix replaces the continuous inequality measure with quartile indicators and yields a monotonic pattern for the better educated, with the effect concentrated in the upper part of the local inequality distribution.[14] This makes it less likely that the baseline result is driven by functional-form assumptions or outliers in the continuous measure. Further,

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

[13]Because the mapping from wealth rank to wealth level (in SEK) is highly non-linear, a shift of 7.2 percentiles corresponds to different changes in wealth levels depending on where in the distribution you evaluate the effect. For example, in the cohort born between 1949 and 1953, moving from the cohort median to the 57th percentile corresponds to an increase in net wealth of about SEK 283,000 (going from SEK 765,072 to 1,048,558), evaluated in 2007. For the 1964–68 cohort, the analogous shift corresponds to an increase of about SEK 188,000 (from SEK 375,878 to 563,779). In general, the corresponding changes in wealth levels of a 7.2 percentile change in wealth rank are smaller for younger generations and in lower parts of the wealth distribution, and are substantially larger for older cohorts and in upper parts of the wealth distribution.

[14]The wealth concentration observed in different municipalities ranges from 31% to 76%.

Table O.A.6 in the Online Appendix shows that the observed patterns are robust to measuring local wealth inequality with the wealth Gini, the top 20% wealth share, or the top 1% wealth share. Moreover, our findings survive a placebo test. Specifically, the randomization exercise, reported in Figure O.A.4, provides a direct placebo benchmark: when exposure to local wealth inequality is randomly reassigned across municipality-year cells, the resulting placebo estimates are centered near zero and do not reproduce the observed patterns in the baseline analysis.

The existing level of local wealth inequality indicates to those starting their economic life the range of wealth outcomes and the extent of wealth concentration at the top, but it says nothing about whether opportunities exist for people to move upwards. According to our hypothesis, responses will be observed in areas that combine higher wealth inequality and evidence of opportunity in the form of wealth transitions. Specifically, we ask whether the baseline effect of local wealth inequality is stronger in municipalities where wealth transitions, i.e., movements to and away from the top of the local wealth distribution, are more prevalent. We construct a measure of local wealth transitions around the time of arrival equal to one minus the fraction of households that were in the municipal top wealth decile in 1986 and remained in that top decile in 1992.[15] Table I (panels B and C) shows that the effect of initial local wealth inequality on eventual wealth accumulation by those launching their economic life is concentrated in municipalities with above-median wealth transitions at the top of the wealth distribution and is not present in municipalities with limited turnover at the top. The effects are quantitatively significant. A one standard deviation increase in initial wealth inequality in high-wealth-transition areas raises the rank of a better-educated refugee household in the birth-cohort wealth distribution by 10.5 percentiles, on average, 10 to 20 years later.

Our measure of turnover at the top of the local wealth distribution is computed over the relatively short formative period of the allocation experiment, and it is not an intergenerational mobility measure. Rather, it indicates that the top is not fully entrenched and captures upward mobility to the top.[16] The motivation for using this initial period is that

[15] Across all municipalities, the median value of the share of stayers at the top was about 67%.

[16] The nature and significance of wealth transitions we focus on is consistent with U.S. evidence in Gomez (2023), who decomposes the growth of top wealth shares in the U.S. into a within component, driven by the fortunes of incumbent top holders, a between component driven by entry into and exit from the top, and a demographic component. He shows that the between component accounts for roughly half of the recent

arriving refugees form their understanding of the range and extent of opportunities at the launch of their careers, through own observation, experiences, and interactions with neighbors. Our findings are consistent with our hypothesis that local wealth inequality in this exogenous allocation period significantly influenced longer-term wealth outcomes of the refugees in areas with above-median wealth transitions.[17]

Although the focus on the arrival year and on the duration of the allocation experiment has intuitive appeal, we scrutinize further whether our baseline results are an artifact of these particular timing choices. Table II, Panel A, replaces wealth inequality in the year of allocation with a three-year average around settlement and an average over the years that span the allocation experiment (1987-91). The same qualitative pattern emerges: the effect of initial wealth inequality remains positive and significant for the better educated and remains insignificant for the less educated. This supports the view that the baseline results are not simply an outcome of noise in a one-year measure of local wealth inequality.

We conduct a further test to examine how important the year of allocation is relative to average local conditions over a longer period. Panel B of Table II distinguishes between a persistent component of local wealth concentration and a component specific to the arrival year. Specifically, we decompose local wealth inequality into the municipality's five-year average level of wealth concentration and the deviation of inequality at, or around, the time of assignment from that five-year mean. We find that both the average and the deviation enter significantly for the better educated, but the arrival-year-specific component is economically larger, indicating that departures from fixed municipality wealth inequality at the time of assignment were especially relevant for the longer-run outcome. This finding is consistent with the arrival year being "formative" for the subsequent wealth accumulation of refugees, in the sense of shaping the environment and opportunities to which they were exposed, and their responses leading to the longer-run wealth outcomes. Panel C tightens the specification further by introducing county-

rise in top wealth inequality in the U.S..

[17]Our findings complement and extend the local-opportunity literature by showing that local environments can shape not only childhood and intergenerational outcomes, but also within-lifetime wealth accumulation among adults at the start of economic life (Chetty et al., 2014, 2016; Chetty and Hendren, 2018a,b). In our setting, the relevant local feature is not inequality alone, but inequality combined with turnover at the top, which makes local wealth differences more informative about upward wealth prospects.

by-arrival-year fixed effects to the baseline regressions, so that identification comes only from variation across municipalities within each county in the year of arrival (county-cohort cells). The pattern of significance remains the same, indicating that our baseline finding is not simply driven by broad county-level conditions in the year of arrival, but by local wealth inequality itself, given these conditions. What matters is the municipality's distinct wealth concentration relative to other municipalities in the same county and year, rather than broad economic conditions common to the county as a whole.

One might wonder whether the wealth rank in the cohort-specific national wealth distribution is too special a measure of wealth accumulation over the longer run. Additional analysis and results reported in the Online Appendix reinforce our conclusions. Table O.A.7 shows that the effect is not specific to wealth rank: initial exposure to local wealth inequality also leads to higher net wealth in levels, higher net wealth in inverse-hyperbolic-sine form, and higher wealth-to-income ratios, but once again only for the better educated. Table O.A.8 shows that the effects are also present when the longer-run net wealth ranks are defined relative to the residents in the local municipality, or in the local county, and not only in the nationwide wealth distribution. This broadens the scope of our findings: initial local wealth inequality matters for the propagation of both nationwide and of local wealth inequality and relative standing of the educated.

Our base analysis takes the municipality as the relevant geography for considering local wealth concentration and its effects on eventual wealth outcomes of the refugees. A further potential concern might be that this choice is arbitrary and might even impose excessive informational requirements on arriving refugees, who are more likely to be receiving signals from their immediate surroundings. Table O.A.9 replaces wealth inequality at the municipality level with wealth inequality at the parish level, the smallest administrative unit within a municipality. The table shows that the pattern of our results survives when identification comes from variation across parishes within the same municipality, as well as from within-parish variation over time. This finding complements the base findings in Table II, and is consistent with the view that the relevant channel operates through more immediate local exposure and social transmission, rather than through broader economic conditions at a higher level of geographic aggregation.

A different concern might be that wealth inequality in the locality, however defined, matters not in itself but because it suggests something about employment conditions in

neighboring areas accessed by the refugees. For example, greater wealth inequality in the municipality or in the parish might indicate the presence of good jobs (e.g., large factories) in a neighboring area. Although we do not have detailed data on the location of refugee employment right after arrival, we are able to observe whether they have ever commuted during the observation years for wealth outcomes (1999-2007). In Table O.A.10, we show that the baseline result is robust to excluding households that ever commuted during that period. This casts some doubt on the unobserved importance of nearby employment, and we will revisit this issue when we consider the channels through which the effects on wealth outcomes operate.

Taken together, the empirical results reported in this section show that the baseline findings are not driven by a particular timing choice, geographic aggregation, or wealth outcome definition. Instead, they support the hypothesis that local wealth inequality and the prevalence of local wealth transitions at the top capture meaningful features of the economic environment faced at assignment, and that these features improve longer-run wealth outcomes for the better-educated households.

4 Confounding Local Economic Factors

The baseline results lead to an important question. Do local wealth inequality and wealth transitions lead the better-educated to accumulate wealth and improve their relative position because these aspects shape the environment and social transmission to which they are exposed, or simply because local economic conditions favor the more educated and transport them to higher positions in the wealth distribution? In the latter case, educated refugees are not responding to local wealth inequality as such, but rather benefiting from local business conditions, employment opportunities, financial development, or other local structures that facilitate upward wealth transitions for those with college education. Clearly, if these confounding supply-side factors are the key drivers of our results, they should be beyond our already included baseline controls, which absorb persistent municipality-, county-, and parish-level differences, common cohort shocks, and extensive observable household heterogeneity. We address this important issue in four complementary steps.

First, Table III adds a broad set of time-varying local controls at the municipality level

that could plausibly influence both local wealth inequality and subsequent household wealth accumulation. These include the number of new firms founded and the number of firms that have defaulted. These numbers proxy for local entrepreneurial dynamism and business risk. They also include the occupational composition of the local labor force. This captures differences in labor demand and industrial structure. Mean wealth and mean income reflect the general affluence of the local economy. Local income inequality captures a different aspect of inequality, that is related to, but distinct from, wealth inequality. Homeownership rates, construction of single-family homes, average house prices, and house-price growth proxy for housing market conditions and real estate investment opportunities. The share of households holding stocks captures local financial development and exposure to capital markets. The share of college graduates captures local human capital composition. While such a list can never be exhaustive, these are all dimensions along which municipalities with greater wealth concentration at the top and more prevalent wealth transitions might differ from the rest and propel the educated to the top. As Table III shows, the introduction of this broad set of controls fails to alter the pattern we have found for local wealth inequality and wealth transitions, and thus does not account for the effects we highlighted. Moreover, if we confine attention to municipalities with above-median prevalence of wealth transitions at the top of the wealth distribution, the estimated coefficients on local wealth inequality are even larger than in the full municipality sample.[18]

While the robustness of the base effects rules out a number of possibilities, the quest for a missing factor that correlates closely with high wealth inequality and wealth transitions and explains the pattern of estimates can be an endless one. We therefore proceed to a second step, of focusing on an exogenous source of variation in wealth inequality that affects localities to different extents, depending on their predetermined exposure to this exogenous factor. Specifically, we consider variations in a diversified stock market index, which affect disproportionately household wealth in the top tiers of the wealth distribution and localities with greater predetermined rates of stock market participation.

The motivation is consistent with historic and recent empirical evidence. Stock-price

[18]Table O.A.11 further shows that the effect of wealth inequality is driven by municipalities that exhibit above-median frequency of wealth transitions and is absent in those below median, controlling for a host of time-varying municipality characteristics.

movements have historically influenced the distribution of wealth because portfolio composition differs systematically across households: equity and business wealth figure prominently near the top of the wealth distribution, whereas housing (and leverage) matter relatively more for the wealth of the middle class (see, for example, Kuhn et al., 2020). Using recent evidence, Gomez (2025) finds that the top of the wealth distribution is twice as exposed to equity returns as the rest of the population. As a result, fluctuations in stock returns generate fluctuations in top wealth shares. Fagereng et al. (2020) and Bach et al. (2020) have found that wealthier households tend to earn higher actual portfolio returns, which further amplifies the effect of portfolio composition at the top.

The econometric design is Bartik-style (Bartik, 1991; Goldsmith-Pinkham et al., 2020): it uses aggregate movements in the Swedish (or the MSCI World) stock market index, interacted with the (predetermined) local share of stockholders among households in the top 10% of the local wealth distribution in the beginning of the experiment period. The period of the allocation experiment overlaps with Sweden's late-1980s asset-price boom and early-1990s correction, when aggregate asset-price movements were a first-order force behind changes in household balance sheets and local wealth positions (Englund, 1999).

The IV estimates are striking. Table IV shows that stock-market-driven increases in local wealth inequality raise the average wealth rank of better-educated refugees over the longer run, while they are also estimated to lower the rank of the less-educated refugees. Thus, the central asymmetry of the baseline results not only survives the IV regression design, but becomes even sharper. Table O.A.12 shows that the instrument is relevant. With municipality and arrival year fixed effects included, identification comes from differential local exposure to a common aggregate financial shock rather than from broad cross-sectional differences in economic conditions across municipalities. Table O.A.13 further shows that the second-stage estimates are robust to an alternative normalization of the aggregate Swedish stock-market shock. Table O.A.14 shows that the same instrumented variation in local wealth concentration does not affect longer-run labor income or unemployment risk, so these labor-market channels continue to be non-operative. Importantly, Table O.A.15 shows that the results are robust, and stronger, when using the MSCI World Index in the IV regression, which is even more removed from any local economic conditions in the Swedish municipalities than the Swedish stock market index.

These IV estimates are difficult to reconcile with the view that the baseline results

merely reflect other local economic confounding factors. They also indicate that shocks to financial markets that are exogenous to local conditions but affect localities differently, depending on asset market participation, can contribute to propagation of wealth inequality, both at the local and at the aggregate level.

As a third approach to the issue of confounding supply-side factors, we start from the premise that, if the estimated longer-run effect on wealth mainly reflects better local training and earnings opportunities, stronger labor-market conditions, or greater scope for formal skill accumulation for the more educated, then one would expect to see longer-run effects on outcomes that these factors affect most directly. These include labor income, unemployment risk, and formal schooling. Table V shows that, for either education group, initial local wealth inequality does not generate any systematic effects on longer-run labor income, reductions in unemployment risk, or increases in years of schooling. In other words, we find no evidence that arriving educated refugees who are confronted with greater local wealth inequality and more frequent wealth transitions are systematically choosing safer, higher-paying jobs than they would otherwise, or that they are automatically provided such more lucrative and safer jobs by a system geared to their promotion. We also do not find a response in terms of investment in human capital.[19] We will provide below evidence of a systematic effect of local wealth inequality and transitions on longer-run wealth accumulation that runs through various forms of risk taking instead.

A fourth argument is based on the premise that, if the baseline longer-run effect on wealth simply reflects assignment to neighborhoods with better economic conditions and opportunities for wealth accumulation by the better-educated within municipalities, it should be strongest in parishes that benefit from such beneficial conditions and are relatively rich. The neighborhood evidence in Table VI shows that we rather observe the opposite. When we split parishes within municipalities into relatively richer and poorer

[19]We distinguish between education obtained prior to arriving in Sweden and that obtained after being exposed to the initial municipality. Out of the 5,031 household heads we include in our sample (we exclude from our main sample a small number of observations that do not state educational attainment both at arrival and in year 2000) 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. The 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.

ones, we do not register an effect of local wealth inequality on wealth accumulation in the richer subsample, but we find a strong and statistically significant effect in the relatively poorer set of parishes.

One might argue that the relatively poorer neighborhoods at the time of allocation simply offered greater opportunities for subsequent wealth accumulation, for example because they were closer to expanding businesses with well-paying jobs (think of worker neighborhoods next to large factories), or they were in general catching up with the richer parishes while starting from below. Table O.A.16 shows, however, that growth in average parish income over the duration of the refugee allocation experiment ("short run") and between the experiment and 1998 ("long run") tends to be higher in rich parishes, both in the full sample and in the immigrant sample.[20] Table O.A.17 further shows that the stronger effect of wealth inequality on wealth accumulation in relatively poorer parishes survives direct controls for parish-level average income growth, initial average parish income (in 1986), and, in extended specifications, local entrepreneurial and asset participation rates. Thus, the prominence of wealth inequality effects in relatively poorer parishes cannot simply be attributed to those areas being more dynamic and growth-oriented compared to richer parishes within the same municipality.

Taken together, the evidence in this section does not support the idea that educated refugees took advantage of better, safer jobs, as well as the dynamism and growth of areas with greater local wealth inequality and wealth transitions, in order to accumulate wealth and reach higher positions in local and national wealth distributions. The question then becomes, what did they do instead? We now turn to this evidence.

5 Inspecting the Mechanism

The evidence so far indicates that local wealth concentration at arrival matters for the later wealth position of refugees when local wealth transitions to the top are prevalent. This section argues that the effect stems from being exposed to visible manifestations of high wealth and upward wealth transitions, which become salient and influence risk-taking

[20]This finding is robust to controlling for initial average parish income (in 1986) and to examining median rather than average income growth.

behavior.[21]

On the question of how refugees respond to higher wealth inequality and more prevalent wealth transitions, our findings suggest that they undertake more risk, in the form of private equity (self-employment), stockholding, and homeownership. Table VII shows that exposure to higher local wealth inequality increases the likelihood of self-employment, stock-market participation, and homeownership among better-educated refugees, while the corresponding estimates for the less educated are small and generally insignificant. Table O.A.18 shows that these responses through risk taking are mostly to be found in municipalities with high wealth transitions, rather than in municipalities where top positions are more entrenched (Table O.A.19), confirming the importance of opportunity. These are natural vehicles for wealth accumulation and upward movement in the wealth distribution, once the refugees are exposed to local cues of inequality and upward movement. Self-employment captures undiversified private risk and a direct route to an increase in relative wealth, associated with status (Roussanov, 2010). Stockholding gives access to the equity premium, and homeownership is both a major saving vehicle and one of the most visible forms of household wealth (Goodman and Mayer, 2018). Thus, the response of the refugees is observed in the form of risk taking rather than in search for better-paying and more secure jobs or in human capital accumulation to improve job prospects, for which we found no evidence in section 4.[22] Tables O.A.20 and O.A.21 also show that the effects are more likely to be found in poorer rather than in richer neighborhoods.

If the key mechanism operates through local exposure to visible cues of concentrated wealth and upward movements, potentially reinforced by social transmission (Han et al., 2023), effects should be present or more pronounced when local wealth concentration and wealth transitions are more visible and more likely to stand out relative to other local cues, i.e., to be salient in the sense of Bordalo et al. (2013). Specifically, effects should be stronger where top-decile wealth is held in a form that is easy to observe in levels and in changes. Housing is among the most conspicuous and socially legible forms of household wealth, and this is exactly what we find. In Table VIII, we split the municipalities into two

[21] By salient, we mean that, among the many observable features of the local environment, visible wealth differences and signs of upward movement stand out relative to other local cues, attract attention, and are therefore more likely to shape beliefs and behavior.

[22] Self-employment has two aspects, one income-related and the other as an asset. Our findings in section 4 and here point to the latter rather than the former.

subsamples based on the share of wealth held in housing by the top 10% of the wealth distribution in 1992 (the first year such data are available), and we find that the positive effect of initial wealth inequality is driven by the subsample of municipalities with above-median housing shares among the top 10% of the municipality wealth distribution.

One might suspect that the observed pattern in Table VIII is due to the presence of general housing investment opportunities in the municipality rather than to the salience of wealth concentration and movement to the top. The evidence makes this unlikely. If municipalities with favorable housing opportunities were driving the result, we would expect such municipalities to exhibit larger housing shares across the wealth distribution, both in the top 10% and in the bottom 90%. Yet, when we split the municipalities into two subsamples based on the housing wealth share of the bottom 90% of the wealth distribution, we find that the effect is present in both municipality subsamples, and it is actually estimated to be stronger in municipalities with below-median housing shares among the bottom 90% of the wealth distribution (Table O.A.22).

We now focus more on the salience of upward transitions in the local wealth distribution. We start with the premise that upward wealth transitions are more visible when they happen to households geographically closer to the refugees and when they involve larger jumps in wealth. In such cases, a "brush with success" is likely to have the biggest longer-run effects on the refugees' position in the wealth distribution. To show evidence supporting this view, we turn to a much finer level of the refugee's initial environment, namely the electoral district.[23]

The key variable of interest in Table IX is the share of neighbors living in the same electoral district as the refugee, who moved from the bottom 90% of the wealth distribution in the municipality in 1986 to the top decile by 1992. We refer to these households as new top-decile entrants, the local counterpart of the between-movers emphasized by Gomez (2023). We distinguish them from incumbent-rich neighbors, defined as households that were already in the municipal top decile in 1986 and remained there in 1992. The analysis includes parish fixed effects as well as electoral-district level controls, so identification comes from differences in initial neighborhood exposure to wealth inequality and transitions across electoral districts within the same parish, netting out broader neighborhood

[23]Electoral districts are very small residential units nested within parishes and typically contain only a few hundred to a couple of thousand residents.

characteristics and local economic structures. In addition, the regressions control separately for the presence of incumbent-rich households, broader general upward wealth transitions in the electoral district, average initial district wealth, and changes in average district-level wealth during the experiment period 1986-92.

As shown in Table IX, having in the initial electoral district a larger share of households exhibiting upward wealth transitions into the top municipality decile predicts significantly higher long-run wealth rank among better-educated refugees placed in that electoral district. Being placed near incumbent-rich households has essentially no further effect when we control for average wealth in the electoral district. By contrast, neither ascending nor incumbent rich households in the electoral district produce systematic or economically meaningful effects on the less-educated refugees.

These findings are consistent with a mechanism based on local exposure and social transmission. This is in line with the peer-effects literature, which emphasizes that economically relevant peer effects are strongest when peers provide visible examples of choices and outcomes that can be easily replicated (Duflo and Saez, 2002; Bursztyn et al., 2014; Beshears et al., 2015). In the small and socially proximate residential environment of an electoral district, upward movement is more likely to stand out and to be transmitted through local social channels, prompting the educated to undertake actions that could boost their own wealth.

There is also good reason to doubt a possible concern, namely that the local share of new top-decile entrants may simply proxy for underlying favorable economic conditions rather than peer effects or social exposure. If this were the case, we would expect the effect to be strongest in relatively richer parishes, where financial development and entrepreneurial opportunities are likely to be more prevalent. If, instead, the mechanism runs through the salience of local wealth transitions and social exposure, we would expect stronger effects in poorer parishes, where upward wealth transitions are rarer, less expected, and therefore more likely to stand out. What we find is that the effect is driven by relatively poor parishes (Table IX), consistent with the social exposure interpretation. Furthermore, the findings are robust to the measures of refugee wealth outcomes and neighbor success used. Table O.A.23 shows that the results persist when the longer-run refugee outcome is measured as the inverse-hyperbolic-sine of net wealth rather than as the wealth rank. Table O.A.24 confirms findings when financial success among neighbors

is defined as having large wealth gains (i.e., gains that exceed the 90th percentile of such increases), even controlling for the share of neighbors with wealth increases at least equal to the median.[24]

When wealth transitions to the top stand out and become locally salient, they are also likely to evoke questions regarding what characterizes the successful neighbors. Factors that are much more prevalent among wealth movers than among non-movers help assess whether the observed refugee responses in risk taking align with characteristics associated with local upward mobility. Table O.A.25 documents that, relative to those who remain in the bottom 90% of the local wealth distribution, households who moved up to the top 10% of the wealth distribution during the experiment period were much more likely to participate in the stock market, to be self-employed, and to be homeowners. The presence of self-employment, financial, and real risk taking among characteristics of successful neighbors in their initial municipalities and in the vehicles through which educated refugees achieve their longer-run wealth outcomes (Table IX) is quite striking.

Moreover, if the mechanism operates through local exposure to visible success and through social transmission about feasible routes to upward wealth transition, we would expect to find that our base findings on longer-run wealth rank are driven by municipalities with high wealth concentration and wealth transitions in which there is greater participation in self-employment and in stockholding, and thus a greater probability that successes will be linked to such vehicles. Tables O.A.26, O.A.27, O.A.28, and O.A.29 show that the longer-run effects on the wealth rank of educated refugees are to be traced in such high-participation regions.

Essentially, we find that the refugees exposed to higher local wealth inequality and more frequent wealth transitions to the top become more likely to undertake the same types of risky investment choices widely observed among the new top-decile entrants in their initial locality.

[24] We also include the (log) change in median wealth in the initial electoral district between 1986 and 1992. The goal is to control extensively for supply factors, even at the electoral district level, in addition to controlling for parish fixed effects.

6 Conclusions

This paper has examined whether greater early-career exposure to local wealth inequality and to salient examples of upward wealth transitions causes some career starters to reach higher ranks in their cohort-specific wealth distribution in the medium to longer run, while failing to move others. Greater local inequality, in our setting, captures both larger local disparities in wealth and more limited local segregation between rich and poor households for a given level of overall inequality. Our findings point to an important role for financial shocks that drive changes in wealth inequality and wealth transitions, and to a mechanism that runs through greater financial, real, and entrepreneurial risk-taking — both of natural interest to finance.

Exploiting Sweden's refugee settlement policy of 1987–1991 as a quasi-natural experiment of exogenous assignment, we find that higher local wealth inequality in the municipality of initial placement predicts a higher eventual position of refugee households in the nationwide cohort-specific wealth distribution one to two decades later, but only for better-educated households. The relationship is nonlinear, concentrated in the upper tail of the local inequality distribution, and robust to using the wealth Gini, the top 20%, and the top 1% wealth shares, as well as to a placebo that randomly reassigns inequality across municipality-year cells. Effects are strongest in municipalities with above-median rates of top-decile wealth turnover, and survive alternative timings, county-by- arrival-year fixed effects, alternative wealth outcomes (net wealth in levels, IHS net wealth, and wealth-to-income ratios), local rather than national wealth rank definitions, parish-level wealth inequality, and the exclusion of households that ever commute during the outcome period.

Instrumental-variable estimation reinforces a causal interpretation. Using a Bartik-style design that interacts aggregate stock-market fluctuations with predetermined local stockholder shares among the rich, asset-price-driven increases in local wealth inequality raise long-run wealth ranks for better-educated refugees while lowering them for the less-educated, sharpening the baseline asymmetry. The same instrumented variation does not affect labor income or unemployment risk, ruling out simple labor-market channels as the main explanation, and results are even stronger when the MSCI World Index replaces the Swedish stock market index.

The mechanism does not appear to operate through local fundamentals that favor better-educated households in labor markets. We find no effect on longer-run earnings, employment stability, or formal education, and the impact is in fact stronger in poorer parishes with worse subsequent income growth. Instead, exposure to local inequality and visible upward transitions appears to shape risk-taking behavior: better-educated refugees raise their participation in self-employment, stockholding, and homeownership, especially in high-transition municipalities, in poorer neighborhoods, and where housing is prominent among top-wealth households. The latter pattern is not driven by general housing opportunities, since it appears regardless of housing shares in the bottom 90%. At the electoral-district level, exposure to neighbors who moved from the bottom 90% to the top decile predicts higher long-run wealth ranks for better-educated refugees, while proximity to incumbent-rich households does not. These new top-decile entrants are substantially more likely to be self-employed, stockholders, and homeowners than non-movers. These activities align with the risk-taking responses of better-educated refugees, and the long-run effects on educated refugees are accordingly strongest where such activities are prevalent.

Our findings point to different possibilities for policy and regulatory action that can be considered in the future. They highlight the role of local wealth inequality and limited segregation by wealth level in shaping economic behavior, and their distributional implications for wealth accumulation and transitions through the differential effects by education. The policy implications that can be considered and evaluated in the future are nuanced. They highlight the importance of avoiding segregation by wealth level and ensuring coexistence of wealthier and less wealthy households, as one factor motivating better-educated career starters to take risks and move up the aggregate wealth distribution. However, they also show that local wealth inequality and transitions cannot be relied upon to move the less-educated career starters, leaving them behind. Finding ways to empower less-educated households to manage risks without being destroyed by them could contribute to breaking this response asymmetry and could provide an alternative, or a complement, to redistributive wealth taxation and the disincentive effects it typically creates. A mere extension of mandatory education could also be considered but is unlikely to be effective, given the ongoing debate on an exogenous impact of education on

wealth accumulation and portfolio returns.[25] We view our findings as consistent with a multi-pronged approach, aimed at improving perception of opportunities among the less-educated, financial knowledge and ability to use existing risky investment products for wealth creation, as well as the design of securities that help overcome biases (on the latter, see Calvet, Celerier, Sodini, and Vallee (2023)). The potential applicability and effectiveness of such measures are beyond the scope of the current study but could provide impetus for future work.

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

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Table I: Exposure to Local Wealth Inequality and Long-Run Household Wealth

This table reports OLS estimates from regressions of household net wealth rank on initial local wealth inequality. The dependent variable is the refugee household's net wealth rank over 1999–2007. Initial wealth inequality is measured as the share of taxable wealth held by the top 10 percent in the municipality of initial assignment in the refugee's year of arrival between 1987 and 1991. The unit of observation is the household-year, and the sample contains 5,105 refugee immigrant households. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally include indicator variables for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. High- and low-transition regions are defined using municipality-level wealth transition rates between 1986 and 1992; the transition measure equals one minus the share of households that remain in the top decile of the municipal wealth distribution over that period. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Base Results			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	85.741***	-10.342	32.063***	-0.342
	(3.11)	(-0.81)	(3.37)	(-0.06)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2471	0.2001	0.171	0.1666
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: High Wealth Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	124.963***	-0.295	54.527***	-5.281
	(3.56)	(-0.02)	(3.91)	(-0.83)
Observations	7,323	17,523	7,323	17,523
R-squared	0.2619	0.2074	0.1958	0.175
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Low Wealth Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	15.005	-17.679	14.285	4.593
	(0.47)	(-1.04)	(0.98)	(0.51)
Observations	6,595	14,456	6,595	14,456
R-squared	0.2671	0.2068	0.1998	0.1791
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table II: Alternative Local Inequality Exposure Measures and County-by-Arrival-Year Fixed Effects

In this table, Panel A replaces arrival-year wealth inequality with broader average local wealth inequality measures. Panel B contrasts average local wealth inequality with excess wealth inequality at year of arrival or in the three-year window around arrival. Panel C re-estimates the baseline specification with county-by-arrival-year fixed effects. The unit of observation is the household-year. In Panel A, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. Panel B reports county fixed-effects specifications throughout. Panel C adds county-by-arrival-year fixed effects; columns (1) and (2) additionally include municipality fixed effects. All specifications include country-of-origin and observation-year fixed effects and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. Panels A and B additionally include arrival-year fixed effects, while Panel C absorbs arrival-year variation through county-by-arrival-year fixed effects. In specifications with county fixed effects, the regressions additionally include indicator variables for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Average Wealth Inequality			
	3-year avg. around arrival		5-year avg. (1987-1991)	
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	133.77***	-18.111	24.575**	0.951
	(3.41)	(-0.83)	(2.59)	(0.15)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2469	0.2001	0.1692	0.1666
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	No	No
County FE	No	No	Yes	Yes
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Avg. Wealth Inequality vs. Arrival Year			
	Better-educated	Less-educated	Better-educated	Less-educated
5-year avg. inequality (1987-91)	22.514**	1.134	21.002**	1.187
	(2.39)	(0.18)	(2.25)	(0.19)
Excess inequality (arrival year)	60.376**	-4.831		
	(2.46)	(-0.41)		
Excess inequality (3-year avg.)			89.826***	-9.041
			(2.65)	(-0.46)
Observations	13,918	31,979	13,918	31,979
R-squared	0.1717	0.1666	0.1715	0.1666
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	Yes	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Results with County-Arrival Year FE			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	109.497***	-17.989	35.702***	-2.94
	(3.43)	(-1.34)	(3.76)	(-0.55)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2749	0.2169	0.1982	0.1823
Country-of-origin FE	Yes	Yes	Yes	Yes
County-Arrival year FE	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	No	No
Household controls	Yes	Yes	Yes	Yes

Table III: Local Confounders and Long-Run Household Wealth

This table augments the benchmark wealth-rank regressions with a rich set of municipality-level characteristics measured at the municipality of initial placement in the refugee's arrival year. The dependent variable is the refugee household's net wealth rank over 1999–2007. Columns (1) and (2) report municipality fixed-effects specifications; columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally include indicator variables for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	86.274**	1.993	28.400**	-0.091
	(2.43)	(0.12)	(2.22)	(-0.01)
New Firms Founded	1,074.122	-111.330	-67.933	-215.836
	(0.93)	(-0.24)	(-0.11)	(-0.76)
Firms Defaulted	19.398	-8.559	8.825	-5.401
	(1.15)	(-1.05)	(0.71)	(-0.93)
Share working in services industry	67.272	8.877	0.253	9.120*
	(0.97)	(0.29)	(0.02)	(1.69)
Share working in financial industry	-44.562	-38.396	-31.669	-0.876
	(-0.40)	(-0.75)	(-0.63)	(-0.05)
Mean Wealth	12.884	-3.901	2.378	2.289
	(1.44)	(-0.79)	(0.73)	(1.17)
Income inequality – top 10	144.601	-147.960**	106.453*	-78.081***
	(1.11)	(-2.00)	(1.73)	(-2.76)
Mean Income	35.735	-48.279***	7.908	-20.120***
	(0.97)	(-2.81)	(0.70)	(-3.60)
Share of homeowners	0.109	0.363	0.141*	0.073*
	(0.20)	(1.42)	(1.88)	(1.72)
Mean house prices	-6.142	0.858	5.172	4.095**
	(-0.59)	(0.18)	(1.30)	(2.16)
House price growth	-14.159	-8.965	-1.415	1.124
	(-0.96)	(-1.20)	(-0.13)	(0.18)
Number of new constructions	-2.473	-4.172***	0.174	-2.261**
	(-0.95)	(-3.51)	(0.10)	(-2.56)
Share of stockholders	-29.365	20.259*	-15.313	0.987
	(-1.27)	(1.88)	(-1.29)	(0.15)
Share of college graduates	-136.410	-0.931	-20.357	3.444
	(-1.22)	(-0.02)	(-1.26)	(0.40)
Observations	13,882	31,916	13,882	31,916
R-squared	0.2518	0.2057	0.1751	0.1710
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table IV: Instrumental-Variables Estimates for Long-Run Household Wealth

This table reports two-stage least-squares estimates that instrument local wealth inequality with variations in a diversified stock market index, which affect disproportionately household wealth in the top tiers of the wealth distribution and localities with greater predetermined rates of stock market participation. More specifically, the instrument combines aggregate Swedish stock market index performance with predetermined local participation in the stock market among households in the top 10 percent of the municipal wealth distribution, following a Bartik-style design. The dependent variable is household net wealth rank, and the unit of observation is the household-year. Columns (1) and (2) report municipality fixed-effects specifications; columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally include indicator variables for four municipality-size categories. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	IV Regressions – Second Stage			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality (hat)	161.434***	-55.351**	108.8***	-29.721**
	(3.11)	(-2.38)	(3.13)	(-2.14)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2437	0.1981	0.1527	0.1623
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table V: Intermediate Outcomes: Labor Income, Unemployment, and Years of Schooling

This table reports intermediate outcomes that may connect initial exposure to local wealth inequality to later household wealth accumulation. The dependent variables are annual household labor income (specifications (1)–(2)), unemployment (specifications (3)–(4)), and additional years of schooling of the household head between year of arrival and year 2000 (specifications (5)–(6)), always with the better-educated estimate on the left and the less-educated estimate on the right. Panel A reports municipality fixed-effects specifications, and Panel B reports county fixed-effects specifications. Specifications (1)–(4) include arrival-year, country-of-origin, and observation-year fixed effects and household controls for age group, gender, marital status, number of adults and children in the household, and indicator variables for employment, retirement, and student status. Specifications (5)–(6) include arrival-year and country-of-origin fixed effects, as well as household controls (all measured at arrival) for gender, marital status, household size and composition, and age group. In Panel B, the regressions additionally include indicator variables for four municipality-size categories. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Intermediate Outcomes controlling for Municipality FE					
	Labor income		Unemployment		Years of Schooling	
	Better-educated	Less-educated	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)	(5)	(6)
Initial wealth inequality	0.071	0.129	-0.317	-0.046	-0.83	-0.977
	(0.13)	(0.31)	(-0.68)	(-0.17)	(-0.36)	(-1.23)
Observations	13,674	30,794	13,918	31,979	1,542	3,489
R-squared	0.5339	0.3876	0.1614	0.1193	0.3748	0.1334
Arrival-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes	Yes	Yes
Municipality FE	Yes	Yes	Yes	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes	Yes	No	No
Household controls	Yes	Yes	Yes	Yes	Yes	Yes
	Panel B: Intermediate Outcomes controlling for County FE					
	Labor income		Unemployment		Years of Schooling	
	Better-educated	Less-educated	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	0.136	0.194	-0.037	-0.019	0.567	-0.483
	(0.63)	(1.2)	(-0.25)	(-0.19)	(0.65)	(-1.45)
Observations	13,674	30,794	13,918	31,979	1,542	3,489
R-squared	0.497	0.3656	0.1004	0.0868	0.2601	0.0686
Arrival-year FE	Yes	Yes	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes	Yes	Yes
County FE	Yes	Yes	Yes	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes	Yes	No	No
Household controls	Yes	Yes	Yes	Yes	Yes	Yes

Table VI: Neighborhood Wealth and Long-Run Household Wealth

This table splits the baseline wealth rank regressions by average neighborhood wealth at the parish level. Rich (poor) parishes are defined as those parishes where the median wealth is above (below) the median level of wealth in that municipality. The unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally include indicator variables for four municipality-size categories. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Rich Parishes			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	29.13	-11.855	-1.574	-1.678
	(0.3)	(-0.58)	(-0.05)	(-0.16)
Observations	3,648	9,165	3,648	9,165
R-squared	0.3027	0.2484	0.2226	0.1842
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Poor Parishes			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	93.445***	-3.646	36.999***	5.131
	(3.1)	(-0.22)	(3.07)	(0.68)
Observations	8,731	19,334	8,731	19,334
R-squared	0.2767	0.2141	0.1828	0.1745
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table VII: Household Risk-Taking Outcomes

This table reports linear probability-model estimates for household risk-taking outcomes. The dependent variables are self-employment (Panel A), stock market participation (Panel B), and homeownership (Panel C), each measured at the household-year level in 1999–2007. Columns (1) and (2) report municipality fixed-effects specifications; columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally include indicator variables for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Self-employment			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	0.756***	0.185	0.129	0.102
	(3.05)	(0.95)	(0.96)	(1.24)
Observations	13,918	31,979	13,918	31,979
R-squared	0.1995	0.1466	0.1026	0.1088
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Stock Market Participation			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	0.974**	-0.554	0.459**	0.035
	(2.15)	(-1.61)	(2.5)	(0.28)
Observations	13,918	31,979	13,918	31,979
R-squared	0.292	0.2057	0.2198	0.158
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Homeownership			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1.163***	-0.118	0.55***	-0.036
	(2.79)	(-0.41)	(3.03)	(-0.3)
Observations	13,918	31,979	13,918	31,979
R-squared	0.3415	0.2197	0.2692	0.1752
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table VIII: Visible Wealth and Long-Run Household Wealth

This table splits municipalities by the housing-wealth share of households in the top decile of the wealth distribution in the initial municipality (measured in 1992). Panel A reports results for the subsample of municipalities with an above median housing-wealth share, and Panel B for municipalities with a below median housing-wealth share. The exercise tests whether the baseline relationship is stronger where local wealth at the top of the distribution is more visible through real asset holdings. The dependent variable is household net wealth rank, and the unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally include indicator variables for four municipality-size categories. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: High Housing Share (among Top 10%)			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	135.467***	-3.838	37.753**	-8.79
	(2.8)	(-0.2)	(2.41)	(-1.16)
Observations	7,015	15,912	7,015	15,912
R-squared	0.2603	0.1933	0.1952	0.1661
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Low Housing Share (among Top 10 %)			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	47.621	-13.043	22.942	7.46
	(1.42)	(-0.88)	(1.65)	(0.99)
Observations	6,903	16,067	6,903	16,067
R-squared	0.2637	0.2234	0.187	0.1909
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table IX: Exposure to New Top-Decile Entrants and Long-Run Household Wealth

This table studies exposure to new top-decile entrants at the electoral district level on household wealth rank. Exposure to new top-decile entrants refers to the share of neighbors who move from the bottom 90 percent to the top 10 percent of the municipal wealth distribution between 1986 and 1992. Exposure to incumbent-rich neighbors refers to the share of neighbors who are in the top municipal wealth decile in 1986 and remain there in 1992. The unit of observation is the household-year. Columns (1)–(3) correspond to the full sample, rich parishes, and poor parishes, respectively. All regressions include arrival-year, country-of-origin, observation-year, and parish fixed effects, and household controls for age group, gender, marital status, number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. We also include the (log) average wealth in 1986 and the (log) change in median wealth between 1986 and 1992 in the initial electoral district as well as the share of households in the initial electoral district who moved up at least one decile in the municipal wealth distribution from 1986 to 1992. Standard errors are clustered at the initial electoral district and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank		
	Panel A: Better-educated		
	Full Sample	Rich Parishes	Poor Parishes
	(1)	(2)	(3)
Exposure to Top-Decile Entrants	46.155*	2.181	93.034***
	(1.92)	(0.04)	(3.12)
Exposure to Incumbent-Rich	0.056	0.076	0.217
	(0.35)	(0.29)	(0.90)
Observations	10,167	2,661	6,651
R-squared	0.3687	0.446	0.378
Arrival-year FE	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes
Parish FE	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes
Household controls	Yes	Yes	Yes
Electoral district controls	Yes	Yes	Yes
	Panel B: Less-educated		
	Full Sample	Rich Parishes	Poor Parishes
Exposure to Top-Decile Entrants	-9.653	-13.923	-1.219
	(-0.86)	(-0.69)	(-0.08)
Exposure to Incumbent-Rich	-0.122	-0.029	-0.082
	(-1.63)	(-0.2)	(-0.68)
Observations	24,257	6,770	15,328
R-squared	0.2697	0.337	0.2575
Arrival-year FE	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes
Parish FE	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes
Household controls	Yes	Yes	Yes
Electoral district controls	Yes	Yes	Yes

Internet Appendix for "Wealth Inequality: Opportunity for Me or for Others?"

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June 26, 2026

Abstract

This Online Appendix includes the variable definitions, validation exercises, supplementary tables, and figures referred to, but not reported in the main body of the paper.

A. Variable Definitions

Timing Conventions

- Outcome variables are observed annually at the household level in observation year $t \in [1999, 2007]$, unless otherwise stated.
- Household control variables are measured in observation year t, unless otherwise stated.
- Local municipality, parish, and electoral-district variables are measured at the initial place of assignment in the refugee's arrival year $0 \in [1987, 1991]$, unless otherwise stated.
- When a table refers to averages "around allocation," "in the assignment period," or "over 1987–1991," the underlying local variable is first constructed at the initial assignment region over that stated time window and is then attached to each household-year observation.

Household Outcome Variables

- *Net Wealth Level* is household net wealth measured in Swedish kronor (SEK) at the end of year t. Household net wealth is measured from the Swedish administrative wealth registers as recorded real and financial assets minus recorded debt.
- (*IHS) of Net Wealth* is the inverse-hyperbolic-sine transformation of household net wealth at the end of year t. The IHS transformation is used because wealth can be zero or negative.
- *Net Wealth Rank* is the household's percentile rank in the nationwide birth-cohort-year distribution of net wealth in LINDA. It compares the refugee household with all sampled households whose household head belongs to the same birth cohort in year t.
- *(IHS) of Labor Income* is the inverse-hyperbolic-sine transformation of annual household labor income, including earnings, self-employment income, and related work-based transfers, received in year t.
- *Unemployment* and *Unemployed* are indicator variables equal to one if the household head receives unemployment benefits in year t, and zero otherwise.
- *Wealth-to-Income Ratio* is household financial wealth at the end of year t divided by household labor income in year t. The ratio is winsorized at the 1 percent level.

- *Debt-to-Income Ratio* is household debt at the end of year t divided by household labor income in year t.
- *Self-Employment* and *Self-employed* are indicator variables equal to one if the household receives self-employment income in year t, and zero otherwise.
- *Stock Market Participation* is an indicator variable equal to one if the household holds stocks directly or indirectly through mutual funds (excluding pension-account holdings that are outside the wealth tax base) at the end of year t, and zero otherwise.
- *Homeownership* is an indicator variable equal to one if the household owns a cooperative apartment or a single-family home in year t, and zero otherwise.

Household Controls and Sorting Variables

- *Age 18–30*, *Age 30–45*, *Age 45–60*, and *Age 60–75* are indicator variables for the age category of the household head in year t. Age 18–30 is the omitted category.
- *Male* is an indicator variable equal to one if the household head is male, and zero otherwise.
- *Married* is an indicator variable equal to one if the household head is married in year t, and zero otherwise.
- *Household Size* is the total number of household members in year t. *Number of Adults* and *Number of Children* count household members aged at least 18 and below 18, respectively, in year t. *Has Children* is an indicator variable equal to one if the household includes at least one child in year t, and zero otherwise.
- *College* and *High School* are indicator variables for the educational attainment of the household head. *Better educated* refers to at least some college education and *less educated* refers to high school or less.
- *Employed*, *Retired*, and *Student* are indicator variables for the labor market status of the household head in year t.
- *(IHS) of Income* is the inverse-hyperbolic-sine transformation of household disposable income in year t.
- *Arrival Year* is the year of initial assignment under the placement policy. Table O.A.2 reports the sample distribution across years.

- *Country of Origin* is the recorded origin country of the household head at arrival. Table O.A.2 reports the sample distribution across countries.

Municipality-Level Assignment Variables and Exposure Measures

- *Initial Wealth Inequality* is the share of total taxable net wealth held by the top 10 percent of the wealth distribution in the municipality of initial placement in the refugee's arrival year. This is the baseline measure of exposure to local wealth inequality, unless stated otherwise.
- *3-year Mean around Allocation* is the average wealth inequality in the municipality of initial placement over the three-year window around the refugee's arrival year (t-1, t, t+1).
- *Average over 1987–1991* and *5-year Mean Inequality* refer to wealth inequality in the municipality of initial placement averaged over the full assignment period (1987–1991).
- *Excess Inequality (arrival year)* is *Initial Wealth Inequality* reduced by *5-year Mean Inequality*.
- *Excess Inequality (3-year average)* is *3-year Mean around Allocation* reduced by *5-year Mean Inequality*.
- *Initial Mean Wealth* is the log of average taxable net wealth in the municipality of initial placement in the refugee's arrival year.
- *Initial Income Inequality* (or *Income Inequality – Top 10*) is the share of total disposable income held by the top 10 percent of the income distribution in the municipality of initial placement in the refugee's arrival year.
- *Initial Mean Income* is the log of average disposable income in the municipality of initial placement in the refugee's arrival year.
- *Wealth-Transition Measure* is a measure of local wealth transitions around the time of arrival equal to one minus the fraction of households that were in the municipal top wealth decile in 1986 and remained in that top decile in 1992. *High-wealth-transition regions* are municipalities above the median of this measure; *low-wealth-transition regions* are municipalities below the median.
- *Initial Wealth Inequality II*, *Initial Wealth Inequality III*, and *Initial Wealth Inequality IV* are quartile indicators for the distribution of wealth inequality in the municipality of initial placement in the refugee's arrival year. The omitted category is Quartile I, the lowest wealth inequality quartile.

- *Municipality-Size Categories* are four indicator variables based on official municipality classifications obtained from Statistics Sweden and SKR (*The Swedish Association of Local Authorities and Regions*), included in the county fixed effects specifications:
  - Group A1: Large cities
  - Group A2: Municipalities near large cities
  - Group B: Major cities and municipalities near major cities
  - Group C: Small towns/urban areas and rural municipalities

Municipality-Level Economic and Housing Controls

- *New Firms Founded* is the number of newly founded limited liability firms (per capita) in the municipality of initial placement in the refugee's arrival year. Data is obtained from the Swedish Companies Registration Office (March 3, 2022).
- *Firms Defaulted* is the number of firms entering default (per capita) in the municipality of initial placement in the refugee's arrival year. Data is obtained from Statistics Sweden (Reference code: NV1401, June 7, 2016).
- *Share Working in Services Industry* and *Share Working in Financial Industry* are the employment shares in the corresponding sector in the municipality of initial placement in the refugee's arrival year. The variables are constructed from the full LINDA sample.
- *Share of Homeowners*, *Share of Stockholders*, and *Share of College Graduates* are municipality-level shares in the refugee's arrival year. The variables are constructed from the full LINDA sample.
- *High Stock-Market-Participation Regions* and *Low Stock-Market-Participation Regions* split municipalities by the municipality-level share of households receiving dividend income, at the sample median. The variables are constructed from the full LINDA sample.
- *High Self-Employment Regions* and *Low Self-Employment Regions* split municipalities by the municipality-level self-employment rate, at the sample median. The variables are constructed from the full LINDA sample.
- *Mean House Prices* is the average municipality-level single-family-house price in the refugee's arrival year. Data is obtained from Statistics Sweden (Reference code: BO0501C1, June 3, 2021).

- *House Price Growth* is the municipality-level one-year growth rate of average single-family-house prices in the refugee's arrival year. Data is obtained from Statistics Sweden (Reference code: BO0501C1, June 3, 2021).
- *Number of New Constructions* is the number of newly constructed single-family homes (per capita) in the municipality of initial placement in the refugee's arrival year. Data is obtained from Statistics Sweden (Reference code: BO0101A5, May 10, 2021).
- *High Housing Share (among Top 10)* and *Low Housing Share (among Top 10)* split municipalities by the housing-wealth share of households in the municipal top decile of the wealth distribution, at the sample median. The variables are estimated in 1992 using data from the full LINDA sample.
- *High Housing Share (among Bottom 90)* and *Low Housing Share (among Bottom 90)* are analogous splits based on the housing-wealth share of households below the top decile of the municipal wealth distribution, at the sample median. The variables are estimated in 1992 using data from the full LINDA sample.

Parish-Level Variables and Neighborhood Splits

- *Rich Parish* is an indicator variable equal to one if the median wealth of the parish of initial placement is higher than the median wealth of the municipality (in 1986). *Poor Parish* is defined analogously. In several tables, *rich neighborhoods* and *poor neighborhoods* are synonymous labels for rich and poor initial parishes.
- *Income Growth (all – parish)* and *Income Growth (all)* are the change in log mean parish income over the window stated in the table, using all parish residents.
- *Income Growth (immigrants – parish)* and *Income Growth (immigrants)* are the corresponding change in log mean parish income computed for immigrant residents only.
- *Income Level Initial (parish)* and *Income Level Initial* are the log of mean parish income in the initial year used in the specification, typically 1986.
- *Closely Held Firms Share (parish)* and *Closely Held Firms Share* are parish-level shares capturing the local prevalence of closely held business income in the relevant initial-period year.
- *Dividend Income Share (parish)* and *Dividend Income Share* are parish-level shares capturing the local prevalence of dividend income in the relevant initial-period year.

- *Property Ownership Share (parish)* and *Property Ownership Share* are parish-level shares capturing the local prevalence of property tax payers in the relevant initial-period year.
- *Self-Employed Share (parish)* and *Self-employed Share* are parish-level shares capturing the local prevalence of self-employment income in the relevant initial-period year.

Electoral District Peer-Exposure Variables

- *New Top-Decile Entrants* is the set of reference households in the initial electoral district that move from the bottom 90 percent to the top 10 percent of the municipal wealth distribution between 1986 and 1992.
- *Incumbent-Rich Neighbors* is the set of reference households in the initial electoral district that already belong to the top decile of the municipal wealth distribution in 1986 and remain there until 1992.
- *Other Non-Movers* is the set of reference households in the initial electoral district that belong to the bottom 90 percent of the local wealth distribution in both 1986 and 1992.
- *Exposure to (New) Top-Decile Entrants* is exposure to the share of *New Top-Decile Entrants* in the initial electoral district.
- *Exposure to Incumbent-Rich (Neighbors)* is exposure the share of *Incumbent-Rich Neighbors* in the initial electoral district.

Instrumental-Variables and Validation Variables

- *Instrument_wealth_inequality* is the Bartik-style instrument used in the baseline IV analysis. It combines an aggregate stock-market shock (measured as aggregate Swedish stock market index return since 1986) with predetermined local exposure to the stock market at the top of the local wealth distribution (measured as stock market participation rates among the top 10 percent of the municipal wealth distribution in 1986). Data on the Swedish stock market index is obtained from Daniel Waldenström (2014), 'Swedish stock and bond returns, 1856–2012', in Historical Monetary and Financial Statistics for Sweden, Volume II: House Prices, Stock Returns, National Accounts, and the Riksbank Balance Sheet, 1620–2012 (eds. Rodney Edvinsson, Tor Jacobson and Daniel Waldenström) Sveriges Riksbank and Ekerlids.

- *Initial Wealth Inequality (hat)* is the fitted value of initial local wealth inequality from the first-stage IV regression.
- *Alternative MSCI-World Instrument* refers to the IV robustness design that uses SEK-denominated stock returns on the MSCI World Index to generate the common aggregate shock in the Bartik instrument. Data is obtained from Macrobond (World, MSCI, Mid & Large Cap, Index, Price Return, USD), and from Jan Bohlin (2010), 'From appreciation to depreciation – the exchange rate of the Swedish krona, 1913–2008', in Historical Monetary and Financial Statistics for Sweden, Volume I: Exchange rates, prices, and wages, 1277–2008 (eds. Rodney Edvinsson, Tor Jacobson and Daniel Waldenström) Sveriges Riksbank and Ekerlids.
- *Top 10% Share 1986*, *Top 10% Share 1987*, ..., *Top 10% Share 2007* are municipality-year measures of local wealth concentration, defined as the share of total wealth held by the top 10 percent of the municipality's wealth distribution in the stated calendar year. Taxable wealth is used prior to 1999, and market-value wealth in 1999-2007.
- *Taxable Top 10% Wealth Share* is the municipality-year top-decile wealth share constructed from taxable wealth.
- *Market-Value Top 10% Wealth Share* is the municipality-year top-decile wealth share constructed from market-value net wealth.
- *Market Top 10% on Taxable Top 10%* is the pooled municipality-year validation regression in Table O.A.3, Panel B, where the market-value top-decile wealth share is regressed on the (imputed) taxable-wealth top-decile wealth share in 1999-2007 (using the wealth tax code in 1987-91).

B. Validation of the Key Variables

B.1 Measurement and Validation of Education Levels

Educational attainment plays a central role in the paper, so it is important to clarify both what the education variable captures and what it does not. In the Swedish administrative data, the measure of education level for our sample comes from Statistics Sweden's Register of Education, which combines several administrative and survey sources for immigrants and includes information on education obtained both in Sweden and abroad. Importantly, the recorded education measure is not a mechanical transcription of home-country credentials. Rather, foreign education is mapped into comparable Swedish categories on the basis of all information available for the formal evaluation of foreign qualifications by the relevant authorities.

Importantly, though, recorded educational attainment and labor market recognition of foreign qualifications are not the same thing. We therefore do not interpret the education split in the paper as indicating that foreign qualifications are perfectly recognized in the Swedish labor market or that refugees necessarily work in occupations that match their formal schooling. Instead, we interpret education as pre-existing human capital that captures differences in skills and in the ability to process and act on local economic signals. This interpretation is also consistent with the broader Swedish evidence that many foreign-educated professionals work below their formal qualification level.

Taken together, these clarifications sharpen the interpretation of the education split. The education variable should not be read as a claim about full labor-market recognition of foreign qualifications or perfect occupational matching. Rather, it captures an important pre-existing human-capital margin. If anything, imperfect recognition of foreign qualifications makes it less likely that the heterogeneous responses we document are driven simply by better local labor market opportunities for formally educated refugees.

B.2 Measurement and Validation of Local Wealth Inequality in the Initial Period

Because the core explanatory variable is municipality-level wealth concentration during the 1987–1991 assignment period, the validity of the used wealth measure is a first-order issue. In those years, the available register measure is taxable net wealth rather than comprehensive market-value net wealth. In the Swedish tax code, taxable wealth was not identical to market-value wealth, because different asset categories entered the tax base under different valuation rules. In the validation exercise, we therefore reconstruct taxable wealth in the post-1999 period by applying the 1987–1991 tax rules to the detailed wealth components observed in those later years. Specifically, taxable wealth is imputed as $0.75\times$ risky financial assets $+1.00\times$ risk-free financial assets $+0.50\times$ cooperative-apartment wealth $+0.75\times$ real-estate wealth $+1.00\times$ other assets $-1.00\times$ debt.

The key requirement for the empirical design is not that taxable wealth and market-value wealth coincide one-to-one for each household, but that taxable wealth provides a reliable ranking of municipalities by top-tail wealth concentration. We test this directly by comparing municipality-year top ten percent wealth shares constructed from imputed taxable wealth (using the tax code in 1987-1991) with the corresponding shares constructed from market-value net wealth in the period of 1999 to 2007, when both measures can be formed. The relation is extremely tight. The correlation between the two municipality-year measures is 0.971, and the pooled regression of the market-value top ten percent wealth share on the taxable-wealth top ten percent wealth share yields a slope of 0.997, an intercept of -0.035, and an R^2 of 0.947 across 2,607 municipality-year observations. Table O.A.3 reports the corresponding regression statistics, and Figure O.A.3 provides the associated fit plot.

Several additional pieces of evidence point in the same direction. First, the assignment-period estimates are close to official aggregate data from Statistics Sweden. In the official data, the national top ten percent wealth share (in market values) is 56.7 percent in 1988, 58.7 percent in 1990, and 57.7 percent in 1992. In our data, the average municipality-level top ten percent wealth share is 55.1 percent, with a standard deviation of 8.4 percentage points. Second, the cross-municipality distributions of top ten percent wealth shares based on taxable wealth in 1986–1993 look very similar to the corresponding distributions in 1999–2007, when detailed market-value wealth data are available. Complementing these distributional checks, Figures O.A.5–O.A.9 map municipality-level top ten percent taxable wealth shares during each assignment year. These figures illustrate the substantial cross-sectional variation in local wealth concentration that underlies the empirical design. Third, when we compare the same municipality across the two regimes, the differences

are modest. Comparing top ten percent wealth shares in 1993 using actual taxable wealth with those in 1999 using market-value wealth, the median difference is only 2.5 percentage points and the interquartile range is 6.9 percentage points. As a benchmark, comparing 1999 and 2005 using market-value wealth in both years, yields a median difference of 2.0 percentage points and an interquartile range of 6.2 percentage points. This suggests that the taxable-versus-market distinction does not generate differences that are much larger relative to ordinary time variations in local top wealth shares.

Taken together, taxable wealth cannot simply be assumed to be an adequate proxy for actual net wealth, but once it is validated in the way described above, the evidence indicates that it provides a highly reliable basis for ranking municipalities by top-tail wealth concentration during the assignment period.

C. Additional Tables and Figures

Tables

Table O.A.1: Sorting Regressions for Initial Local Wealth Inequality

This table reports sorting regressions in which local wealth inequality in the initial municipality is regressed on refugee household characteristics measured at arrival. The sample contains 5,105 refugee immigrant households. The two columns differ only in the level at which standard errors are clustered: municipality level in Column (1) and parish level in Column (2). All specifications include arrival-year, country-of-origin, and municipality fixed effects, as well as household controls for gender, marital status, household size and composition, education, and age group. *T*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Initial Wealth Inequality	
	(1)	(2)
Male	0.001	0.001
	(1.41)	(1.45)
Married	0.001	0.001
	(1.05)	(0.98)
Household size	-0.000	-0.000
	(-0.95)	(-0.87)
Has Children	0.001	0.001
	(1.33)	(1.35)
College	-0.001	-0.001
	(-1.22)	(-1.31)
High School	-0.000	-0.000
	(-0.47)	(-0.48)
Age 30-45	-0.001	-0.001
	(-1.46)	(-1.36)
Age 45-60	-0.000	-0.000
	(-0.10)	(-0.11)
Constant	0.458***	0.458***
	(52.31)	(52.93)
Observations	5,105	5,105
R-squared	0.9418	0.9418
Arrival-year FE	Yes	Yes
Country-of-origin FE	Yes	Yes
Municipality FE	Yes	Yes

Table O.A.2: Refugee Sample by Country of Origin and Year of Immigration

This table presents the number and percentage shares of refugee immigrant households in the final sample by their country of origin and year of immigration, respectively. The sample includes 5,105 refugee immigrants. The 'Other' group includes refugee immigrants from countries from which there are less than 5 households in the final sample.

	Number of households	Percentage of households
Panel A: Year of Immigration		
1987	1,131	22.15%
1988	1,234	24.17%
1989	1,516	29.70%
1990	860	16.85%
1991	364	7.13%
Panel B: Country of Origin		
AFGHANISTAN	25	0.49%
ANGOLA	10	0.20%
BANGLADESH	34	0.67%
BULGARIA	50	0.98%
CAMBODIA	6	0.12%
CHILE	633	12.40%
CHINA	17	0.33%
COLOMBIA	21	0.41%
DEMOCRATIC REPUBLIC CONGO	13	0.25%
(FORMER) CZECHOSLOVAKIA	38	0.74%
EGYPT	6	0.12%
EL SALVADOR	69	1.35%
ERITREA	84	1.65%
ESTONIA	11	0.22%
ETHIOPIA	369	7.23%
HUNGARY	77	1.51%
INDIA	5	0.10%
IRAN	1,464	28.68%
IRAQ	487	9.54%
JORDAN	7	0.14%
KUWAIT	7	0.14%
LAOS	10	0.20%
LEBANON	417	8.17%
LIBYA	7	0.14%
REPUBLIC OF NORTH MACEDONIA	6	0.12%
MOROCCO	5	0.10%
OTHER	46	0.90%
PAKISTAN	8	0.16%
PALESTINIAN AUTHORITY	26	0.51%
PERU	26	0.51%
POLAND	78	1.53%
ROMANIA	287	5.62%
SOMALIA	134	2.62%
(FORMER) SOVIET UNION	51	1.00%
SRI LANKA	30	0.59%
SYRIA	137	2.68%
TUNISIA	13	0.25%
TURKEY	142	2.78%
UGANDA	13	0.25%
VIETNAM	149	2.92%
(FORMER) YUGOSLAVIA	87	1.70%

Table O.A.3: Local Wealth Inequality over Time and Validation of the Taxable-Wealth Measure

This table reports in panel A summary statistics for municipality-level measures of local wealth inequality over time. Wealth inequality is measured as the share of total wealth held by the top 10 percent of the municipal wealth distribution. Taxable wealth is used prior to 1999, and market-value wealth in 1999-2007. Note that in 1994–1998 positive taxable wealth was only recorded for wealthy households, which is why the top 10 percent wealth shares are mechanically close to one in those years. Panel B reports the pooled municipality-year regression of the market-value top 10 percent wealth share on the corresponding top 10 percent wealth share constructed from imputed taxable wealth in 1999–2007 (using the tax code in 1987-91).

Panel A: Top 10% Wealth Share over Time

	Obs	Mean	S.D.	Median	Min	Max
	(1)	(2)	(3)	(4)	(5)	(6)
Top 10% share 1986	284	0.4873	0.0665	0.4785	0.2976	0.7283
Top 10% share 1987	284	0.4865	0.0638	0.4763	0.2894	0.7153
Top 10% share 1988	284	0.5143	0.0694	0.5012	0.3253	0.7462
Top 10% share 1989	284	0.525	0.0695	0.5144	0.3099	0.7568
Top 10% share 1990	284	0.5018	0.0556	0.4911	0.3632	0.6918
Top 10% share 1991	286	0.4813	0.0543	0.4733	0.3434	0.6656
Top 10% share 1992	286	0.5	0.0599	0.4902	0.347	0.7248
Top 10% share 1993	286	0.5162	0.0602	0.5072	0.3635	0.7297
Top 10% share 1994	285	0.9966	0.0248	1	0.6861	1
Top 10% share 1995	287	0.9955	0.0297	1	0.6775	1
Top 10% share 1996	287	0.9945	0.0302	1	0.6846	1
Top 10% share 1997	290	0.9895	0.0448	1	0.6453	1
Top 10% share 1998	289	0.9893	0.0422	1	0.6888	1
Top 10% share 1999	289	0.5492	0.0684	0.5413	0.3577	0.7698
Top 10% share 2000	289	0.5241	0.0655	0.5172	0.3406	0.7022
Top 10% share 2001	289	0.5141	0.0679	0.5112	0.3213	0.7236
Top 10% share 2002	290	0.5034	0.0693	0.5023	0.3202	0.7602
Top 10% share 2003	290	0.514	0.0693	0.5132	0.3154	0.7197
Top 10% share 2004	290	0.5197	0.0725	0.5218	0.2952	0.7663
Top 10% share 2005	290	0.5276	0.0733	0.5292	0.284	0.7687
Top 10% share 2006	290	0.5182	0.0722	0.5201	0.2726	0.7569
Top 10% share 2007	290	0.5139	0.0769	0.513	0.2776	0.8609

Panel B: (Imputed) Taxable Wealth vs. Wealth based on Market Values

	Obs	Constant	t-stat	Beta	t-stat	R-squared
Market Top 10% on Taxable Top 10%	2,607	-0.035	-13.63	0.997	215.67	0.947

Table O.A.4: Summary Statistics for Municipality and Household Variables

This table reports descriptive statistics for the variables used in the empirical analysis. Panel A reports assignment-period municipality characteristics measured in the refugee's initial municipality and arrival year. Panel B reports household-level outcome and mechanism variables observed over 1999–2007. Means, standard deviations, and observation counts are shown for the full sample and separately for the better-educated and less-educated subsamples. Better-educated households have at least some college education; less-educated households have at most a high-school degree. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details.

	Full Sample			Better-educated Sample			Less-educated Sample		
	Mean	S.D.	Obs.	Mean	S.D.	Obs.	Mean	S.D.	Obs.
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Panel A: Initial Municipality Characteristics									
Initial Wealth Inequality	0.551	0.084	45,897	0.551	0.083	13,918	0.551	0.085	31,979
Initial Mean Wealth	12.32	0.226	45,897	12.32	0.234	13,918	12.32	0.223	31,979
Initial Income Inequality	0.263	0.024	45,897	0.264	0.024	13,918	0.263	0.024	31,979
Initial Mean Income	12.38	0.145	45,897	12.38	0.155	13,918	12.38	0.139	31,979
Panel B: Household Outcomes and Mechanism Variables									
Net Wealth Level	64,140.5	759,561	45,897	120,765.4	1,180,413	13,918	39,496.02	468,645.4	31,979
Net Wealth Rank	30.84	21.72	45,897	30.71	24.79	13,918	30.90	20.242	31,979
(IHS) of Labor Income	12.58	2.49	45,897	12.96	1.94	13,918	12.42	2.59	31,979
Unemployed	0.327	0.469	45,897	0.268	0.443	13,918	0.352	0.478	31,979
Self-employed	0.104	0.306	45,897	0.107	0.309	13,918	0.103	0.305	31,979
Stock Market Participation	0.361	0.480	45,897	0.504	0.500	13,918	0.298	0.457	31,979
Homeownership	0.270	0.444	45,897	0.363	0.481	13,918	0.229	0.421	31,979
Wealth-to-Income Ratio	0.215	0.496	44,468	0.311	0.583	13,674	0.172	0.446	30,794
Debt-to-Income Ratio	0.705	1.290	44,468	0.834	1.370	13,674	0.648	1.250	30,794

Table O.A.5: Nonlinear Effects of Initial Local Wealth Inequality

This table replaces the continuous baseline arrival-year wealth-inequality measure with quartile indicators. The omitted category is the lowest wealth-inequality quartile. The dependent variable is household net wealth rank, and the unit of observation is the household-year. Columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality II	2.013	-0.018	1.231	0.698
	(0.96)	(-0.02)	(0.94)	(0.98)
Initial wealth inequality III	7**	-0.898	2.103	0.749
	(2.4)	(-0.59)	(1.6)	(1)
Initial wealth inequality IV	13.256***	-1.384	6.128***	-0.751
	(3.48)	(-0.56)	(3.26)	(-0.6)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2666	0.1405	0.1705	0.167
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No

Table O.A.6: Alternative Measures of Local Wealth Inequality and Household Wealth

This table re-estimates the baseline wealth regressions using alternative measures of local wealth inequality, all measured in the initial municipality in the refugee's arrival year. The baseline top 10 percent wealth share is replaced with the local wealth Gini coefficient (panel A), the top 20 percent wealth share (panel B), and the top 1 percent wealth share (panel C). In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Wealth Gini			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	115.205***	-6.297	44.858***	3.509
	(2.64)	(-0.29)	(3.14)	(0.41)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2457	0.2	0.1704	0.1666
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Top 20 Percent			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	91.147**	-6.951	32.304***	1.637
	(2.59)	(-0.38)	(3)	(0.24)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2454	0.2	0.17	0.1666
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Top 1 Percent			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	55.886**	-8.901	23.224***	0.976
	(2.54)	(-0.94)	(2.71)	(0.23)
Observations	13,918	31,961	13,918	31,961
R-squared	0.2465	0.2	0.1703	0.1665
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No

Table O.A.7: Alternative Household Wealth Outcomes

This table re-estimates the baseline wealth regressions using alternative dependent variables: inverse-hyperbolic-sine net wealth (panel A), net wealth in Swedish kronor (SEK) (panel B), and the financial wealth-to-income ratio (panel C). In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: IHS of Net Wealth			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	33.373***	-2.097	15.664***	0.383
	(2.71)	(-0.33)	(3.65)	(0.13)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2663	0.1404	0.2011	0.1059
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
	Panel B: Net Wealth in SEK			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1,609,885.867**	-159,078.939	492,596.452**	-31,942.481
	(2.48)	(-0.64)	(2.25)	(-0.32)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2623	0.1175	0.1939	0.083
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
	Panel C: Financial Wealth-Income Ratio			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1.745**	-0.467	0.572**	-0.079
	(2.49)	(-1.5)	(2.54)	(-0.67)
Observations	13,674	30,794	13,674	30,794
R-squared	0.1728	0.107	0.0991	0.0647
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes

Table O.A.8: Alternative Net Wealth Rank Definitions

This table re-estimates the baseline wealth regressions using alternative definitions of the wealth-rank outcome. Panel A defines the dependent variable as the household's rank within the municipal wealth distribution; Panel B defines it within the county wealth distribution. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Net Wealth Rank within Municipality			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	86.313***	-2.869	29.473***	5.046
	(3.05)	(-0.22)	(2.73)	(0.89)
Observations	13,852	31,719	13,852	31,719
R-squared	0.2471	0.1723	0.1561	0.1366
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
	Panel B: Net Wealth Rank within County			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	80.38***	-8.383	26.732***	-2.762
	(3.03)	(-0.67)	(2.82)	(-0.5)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2534	0.1678	0.1703	0.1303
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes

Table O.A.9: Parish-Level Wealth Inequality and Household Wealth

This table replaces wealth inequality at the municipality level with wealth inequality in the initial parish in the refugee's arrival year. The dependent variable is household net wealth rank, and the unit of observation is the household-year. Columns (1) and (2) report parish fixed-effects specifications, whereas columns (3) and (4) report municipality fixed-effects specifications. All specifications additionally include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	64.853***	-11.124	18.369**	2.755
	(2.93)	(-0.96)	(2.25)	(0.57)
Observations	13,828	31,691	13,828	31,691
R-squared	0.33	0.2535	0.2433	0.2012
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
Municipality FE	No	No	Yes	Yes
Parish FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes

Table O.A.10: Household Wealth Excluding Commuters

This table re-estimates the baseline wealth regressions after excluding households that ever commuted, measured using tax deductions (during 1999-2007). The dependent variable is household net wealth rank, and the unit of observation is the household-year. Panel A reports results for the full sample, while panels B and C report the high- and low-wealth-transition subsample results. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Base Results			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	100.898***	-22.919	25.68*	0.76
	(3.16)	(-1.36)	(1.95)	(0.13)
Observations	8,454	24,104	8,454	24,104
R-squared	0.3037	0.2271	0.1858	0.1838
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: High Wealth Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	146.919***	-16.58	55.176***	-4.038
	(3.72)	(-0.66)	(3.07)	(-0.54)
Observations	4,346	12,990	4,346	12,990
R-squared	0.3444	0.2204	0.2294	0.1807
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Low Wealth Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	23.56	-24.803	17.34	3.088
	(0.54)	(-1.28)	(0.89)	(0.27)
Observations	4,108	11,114	4,108	11,114
R-squared	0.3038	0.2538	0.2163	0.2136
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes

Table O.A.11: Local Confounders in High- and Low-Wealth-Transition Regions

This table augments the benchmark wealth-rank regressions with a rich set of municipality-level characteristics, measured in the municipality of initial placement in the refugee's arrival year. The sample is restricted to high-wealth-transition regions in panel A, and low-wealth-transition regions in panel B. High- and low-wealth-transition regions are defined using the median of municipality-level wealth transition rates between 1986 and 1992; the transition measure equals one minus the share of households that remain in the top decile of the municipal wealth distribution over that period. Columns (1) and (2) report municipality fixed-effects specifications; columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: High Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	107.355**	12.001	33.888***	-4.357
	(2.09)	(0.50)	(3.99)	(-0.56)
New Firms Founded	-119.883	172.060	732.231*	-234.626
	(-0.08)	(0.26)	(1.85)	(-0.61)
Firms Defaulted	21.162	4.510	11.652	0.798
	(0.97)	(0.37)	(1.60)	(0.10)
Share working in services industry	150.104	21.363	14.743*	7.332
	(1.49)	(0.49)	(1.79)	(1.13)
Share working in financial industry	-5.998	-81.359	37.858*	-30.236
	(-0.05)	(-1.16)	(1.93)	(-1.23)
Mean Wealth	12.114	0.197	6.434***	0.416
	(0.92)	(0.03)	(2.83)	(0.17)
Income inequality – top 10	-204.853	-150.394	-11.020	-77.980*
	(-1.07)	(-1.40)	(-0.31)	(-1.85)
Mean Income	16.905	-42.371*	-0.726	-20.460**
	(0.31)	(-1.79)	(-0.09)	(-2.54)
Share of homeowners	-0.002	0.636*	-0.009	0.003
	(-0.00)	(1.78)	(-0.14)	(0.05)
Mean house prices	16.189	-4.423	16.016***	2.990
	(1.11)	(-0.57)	(5.59)	(0.92)
House price growth	-22.041	-5.682	-5.219	4.220
	(-0.97)	(-0.56)	(-0.74)	(0.53)
Number of new constructions	-0.713	-4.517***	2.624**	-2.152*
	(-0.20)	(-3.00)	(2.19)	(-1.89)
Share of stockholders	-65.811*	23.776*	-49.050***	3.185
	(-1.96)	(1.88)	(-5.17)	(0.37)
Share of college graduates	-210.849	-78.142	-47.058***	15.687
	(-1.36)	(-1.12)	(-3.50)	(1.37)
Observations	7,323	17,523	7,323	17,523
R-squared	0.2719	0.2150	0.2066	0.1787
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.11 (continued). Local Confounders in High- and Low-Wealth-Transition Regions

	Net Wealth Rank			
	Panel B: Low-Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	33.444	-0.918	9.685	3.296
	(0.87)	(-0.04)	(1.14)	(0.34)
New Firms Founded	2,336.183	-376.417	1,592.967***	-112.692
	(1.13)	(-0.42)	(2.95)	(-0.17)
Firms Defaulted	18.924	-19.565	19.147**	-14.436
	(0.64)	(-1.59)	(2.16)	(-1.56)
Share working in services industry	-62.341	-31.369	6.302	12.298
	(-0.69)	(-0.82)	(0.72)	(1.34)
Share working in financial industry	-379.408**	56.468	-163.378***	30.038
	(-2.51)	(0.81)	(-5.50)	(0.99)
Mean Wealth	0.808	-8.094	4.481*	6.707*
	(0.07)	(-0.95)	(1.75)	(1.96)
Income inequality – top 10	524.777***	-111.226	185.786***	-113.676**
	(3.34)	(-1.07)	(4.86)	(-2.58)
Mean Income	33.154	-54.109*	29.069***	-22.481**
	(0.82)	(-1.85)	(3.67)	(-2.39)
Share of homeowners	0.217	0.192	0.148**	0.076
	(0.34)	(0.49)	(2.56)	(1.20)
Mean house prices	-17.436	4.128	-1.466	7.654***
	(-1.57)	(0.60)	(-0.64)	(2.63)
House price growth	-24.048	-15.961	-6.888	-9.531
	(-1.32)	(-1.29)	(-0.90)	(-0.93)
Number of new constructions	-2.664	-3.135	-2.583**	-3.223**
	(-0.65)	(-1.55)	(-2.32)	(-2.06)
Share of stockholders	5.707	17.315	-6.086	0.867
	(0.18)	(0.91)	(-0.72)	(0.08)
Share of college graduates	103.579	74.360	-4.892	-9.664
	(0.73)	(0.95)	(-0.45)	(-0.80)
Observations	6,559	14,393	6,559	14,393
R-squared	0.2824	0.2127	0.2109	0.1880
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.12: First-Stage Regressions for the Instrumental-Variables Design

This table reports the first-stage regressions for the instrumental-variable analysis that instruments local wealth inequality with stock-market-driven exposure. The dependent variable is the instrumented wealth inequality measure used in the second stage. Columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. The reported *F*-statistic indicates that the instrument is strong in all specifications. Standard errors are clustered at the initial municipality and *t*-statistics are reported in parentheses. *, **, and *** indicate significance at the 10, 5, and 1 percent levels. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details.

	Initial wealth inequality			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Instrument_wealth_inequality	0.1258***	0.1287***	0.1709***	0.1803***
	(11.47)	(13.13)	(8.3)	(10.13)
Observations	13,918	31,979	13,918	31,979
R-squared	0.9596	0.9597	0.7502	0.7515
F-stat	5,219.87	51,549.98	405.91	25,845.39
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No

Table O.A.13: Instrumental-Variables Estimates Using the Log Stock Market Index

This table re-estimates the instrumental-variable specifications using the log level of the Swedish stock market index rather than cumulative returns to generate the common aggregate shock. The dependent variable is household net wealth rank. Columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Second Stage of the IV Regressions			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality (hat)	160.849***	-54.611**	105.736***	-29.399**
	(2.92)	(-2.25)	(2.95)	(-2.09)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2438	0.1982	0.1541	0.1624
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.14: Instrumental-Variables Estimates for Income and Unemployment

This table applies the instrumental-variable strategy to labor income and unemployment. The outcome variables are (IHS of) labor income (panel A) and unemployment (panel B), and the unit of observation is the household-year. Columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. The table shows whether the stock-market-driven component of local wealth inequality also affects labor-market outcomes. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: (IHS of) Income			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality (hat)	1.26	0.052	0.825	0.284
	(1.02)	(0.07)	(1.09)	(0.58)
Observations	13,674	30,794	13,674	30,794
R-squared	0.5333	0.3876	0.4958	0.3655
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Unemployment			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality (hat)	-0.901	0.09	-0.288	0.26
	(-1.14)	(0.18)	(-0.59)	(0.8)
Observations	13,918	31,979	13,918	31,979
R-squared	0.1608	0.1193	0.0997	0.0861
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No

Table O.A.15: Instrumental-Variable Estimates Using MSCI World Index Returns

This table re-estimates the instrumental-variable specifications using SEK-denominated returns on the MSCI World Index to generate the common aggregate shock in the Bartik instrument. The dependent variable is household net wealth rank, and the unit of observation is the household-year. Columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Second Stage of the IV Regressions			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality (hat)	174.689***	-73.353***	116.046***	-35.516**
	(2.74)	(-2.65)	(2.89)	(-2.30)
Observations	13,918	31,979	13,918	31,979
R-squared	0.2425	0.1963	0.1491	0.1605
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.16: Income Growth in Rich and Poor Parishes

This table studies whether relatively rich parishes subsequently experience faster or slower income growth within the same municipality. Panel A considers short-run parish income growth (between 1986 and 1992); Panel B considers longer-run income growth (between 1992 and 1998). Avg. parish income is (log of) mean income in the initial parish (in 1986). Columns (1) and (3) report estimates for the full population sample, and columns (2) and (4) for the immigrant sample. Municipality fixed effects are included in all specifications, and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Short-run Parish Income Growth (1986–1992)			
	Full Sample	Immigrant Sample	Full Sample	Immigrant Sample
	(1)	(2)	(3)	(4)
Rich parish	0.016**	0.006	0.017**	0.014
	(2.39)	(0.40)	(2.43)	(1.05)
Avg. parish income			-0.145**	-0.398***
			(-2.52)	(-6.62)
Observations	590	585	590	585
R-squared	0.4468	0.4496	0.4568	0.5129
Municipality FE	Yes	Yes	Yes	Yes
	Panel B: Longer-Run Parish Income Growth (1992–1998)			
	Full Sample	Immigrant Sample	Full Sample	Immigrant Sample
Rich parish	0.022**	0.032**	0.022**	0.032**
	(2.43)	(2.25)	(2.43)	(2.21)
Avg. parish income			-0.114	-0.054
			(-1.55)	(-0.80)
Observations	495	491	495	490
R-squared	0.4562	0.4554	0.4607	0.4566
Municipality FE	Yes	Yes	Yes	Yes

Table O.A.17: Parish-Level Controls and Household Wealth

This table augments the rich-versus-poor-parish analysis with additional controls measured in the parish of initial placement. The dependent variable is household net wealth rank, and the unit of observation is the household-year. Panels A and C report results for the subsample of rich parishes, and panels B and D for poor parishes. Rich (poor) parishes are defined as those parishes where the median wealth is above (below) the median level of wealth in that municipality (in 1986). Income growth is measured in the initial parish over 1986-1998 (either for the full LINDA sample or for the immigrant sample), and income level in 1986 is measured as the (log of) average income in the initial parish measured in 1986. Columns (1) and (2) report municipality fixed-effects specifications; columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Rich Parishes			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	39.534	-14.347	12.561	-2.435
	(0.38)	(-0.64)	(0.34)	(-0.22)
Income growth (all)	44.963*	1.5	30.6	-2.352
	(1.91)	(0.09)	(1.61)	(-0.24)
Income growth (immigrants)	18.304	19.997**	20.501*	5.728
	(1.5)	(2.41)	(1.85)	(0.8)
Income level in 1986	25.27*	-12.831**	2.704	-10.078***
	(1.91)	(-2.45)	(0.31)	(-2.64)
Observations	3,306	8,203	3,306	8,203
R-squared	0.2984	0.2437	0.2251	0.1847
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Poor Parishes			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	95.565***	-11.677	36.552***	7.882
	(2.9)	(-0.71)	(2.7)	(0.94)
Income growth (all)	-14.772	-11.483	-3.998	-11.746
	(-0.66)	(-0.79)	(-0.36)	(-1.43)
Income growth (immigrants)	2.618	2.302	-5.168	-4.239
	(0.24)	(0.29)	(-0.64)	(-1.06)
Income level in 1986	11.532	2.119	11.143**	4.842
	(0.9)	(0.3)	(2.23)	(1.48)
Observations	7,760	16,816	7,760	16,816
R-squared	0.2761	0.2126	0.1933	0.176
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.17 (continued). Parish-Level Controls and Household Wealth

Panel C extends panel A by additionally controlling for parish-level shares of local business ownership, dividend income, property ownership, and self-employment, measured in the parish of initial placement at arrival.

	Net Wealth Rank			
	Panel C: Rich Parishes			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	36.545	-16.539	-2.612	-6.854
	(0.34)	(-0.72)	(-0.07)	(-0.56)
Income level in 1986	47.438	-9.253	13.478	-10.143
	(1.08)	(-0.48)	(0.60)	(-0.91)
Income growth (all)	23.113	13.202	14.259	1.031
	(0.91)	(1.37)	(0.86)	(0.13)
Income growth (immigrants)	28.170***	-12.683**	4.899	-9.364**
	(2.77)	(-2.46)	(0.56)	(-2.51)
Closely held firms share	-0.313	0.034	-0.078	0.102
	(-0.35)	(0.08)	(-0.21)	(0.50)
Dividend income share	-0.067	0.223	0.355	0.178
	(-0.22)	(1.46)	(1.41)	(1.32)
Property ownership share	0.264***	0.027	0.035	0.005
	(2.99)	(0.49)	(0.41)	(0.12)
Self-employed share	0.057	-0.282	-0.620**	-0.193
	(0.07)	(-0.74)	(-1.99)	(-0.92)
Observations	3,306	8,203	3,306	8,203
R-squared	0.3038	0.2444	0.2284	0.1859
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.17 (continued). Parish-Level Controls and Household Wealth

Panel D extends panel B by additionally controlling for parish-level shares of local business ownership, dividend income, property ownership, and self-employment, measured in the parish of initial placement at arrival.

	Net Wealth Rank			
	Panel D: Poor Parishes			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	95.823***	-12.476	32.676**	6.997
	(2.86)	(-0.75)	(2.14)	(0.68)
Income level in 1986	-17.381	-12.583	-9.555	-14.702
	(-0.75)	(-0.76)	(-0.82)	(-1.65)
Income growth (all)	7.964	-0.605	-5.966	-4.437
	(0.51)	(-0.08)	(-0.69)	(-1.11)
Income growth (immigrants)	13.267	5.870	10.234*	5.909*
	(1.26)	(0.79)	(1.95)	(1.83)
Closely held firms share	-0.821	0.381	-0.289	-0.068
	(-1.12)	(1.20)	(-0.68)	(-0.34)
Dividend income share	0.055	0.032	0.205	0.053
	(0.12)	(0.16)	(1.04)	(0.48)
Property ownership share	0.073	-0.068	0.004	0.005
	(0.61)	(-0.89)	(0.06)	(0.13)
Self-employed share	-0.278	-0.342	0.117	-0.276
	(-0.49)	(-1.11)	(0.31)	(-1.38)
Observations	7,760	16,816	7,760	16,816
R-squared	0.2771	0.2135	0.1941	0.1768
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.18: Household Risk-Taking Outcomes in High-Wealth-Transition Regions

This table re-runs the risk-taking regressions for households assigned to high-wealth-transition municipalities. High- and low-wealth-transition regions are defined using the median of municipality-level wealth transition rates between 1986 and 1992; the transition measure equals one minus the share of households that remain in the top decile of the municipal wealth distribution over that period. The outcomes are self-employment (panel A), stock market participation (panel B), and homeownership (panel C). Within each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Self-employment			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	0.840**	0.162	-0.023	0.042
	(2.46)	(0.62)	(-0.11)	(0.37)
Observations	7,323	17,523	7,323	17,523
R-squared	0.1919	0.1506	0.1037	0.116
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Stock Market Participation			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1.439**	-0.383	0.779***	-0.053
	(2.58)	(-0.77)	(2.93)	(-0.33)
Observations	7,323	17,523	7,323	17,523
R-squared	0.309	0.2065	0.2315	0.161
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Homeownership			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1.634***	0.126	0.544*	0.036
	(3.34)	(0.36)	(1.92)	(0.2)
Observations	7,323	17,523	7,323	17,523
R-squared	0.3583	0.1506	0.2824	0.1678
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.19: Household Risk-Taking Outcomes in Low-Wealth-Transition Regions

This table re-runs the risk-taking regressions for households assigned to low-wealth-transition municipalities. High- and low-wealth-transition regions are defined using the median of municipality-level wealth transition rates between 1986 and 1992; the transition measure equals one minus the share of households that remain in the top decile of the municipal wealth distribution over that period. The outcomes are self-employment (panel A), stock market participation (panel B), and homeownership (panel C). Within each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Self-employment			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	0.688*	0.104	0.201	0.192
	(1.72)	(0.34)	(0.94)	(1.14)
Observations	6,595	14,456	6,595	14,456
R-squared	0.2354	0.1633	0.1407	0.1283
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Stock Market Participation			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	-0.05	-0.627	0.164	-0.013
	(-0.07)	(-1.37)	(0.56)	(-0.06)
Observations	6,595	14,456	6,595	14,456
R-squared	0.313	0.2163	0.2571	0.1773
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Homeownership			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	0.581	-0.316	0.715***	-0.403**
	(0.85)	(-0.68)	(2.79)	(-1.99)
Observations	6,595	14,456	6,595	14,456
R-squared	0.3532	0.2372	0.297	0.2068
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.20: Household Risk-Taking Outcomes in Rich Neighborhoods

This table re-runs the risk-taking regressions for households initially assigned to relatively rich parishes within municipalities. Rich parishes are defined as those parishes where the median wealth is above the median level of wealth in that municipality. The outcomes are self-employment (panel A), stock market participation (panel B), and homeownership (panel C). Within each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Self-employment			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	0.41	-0.032	0.293	0.103
	(0.85)	(-0.09)	(1.29)	(0.86)
Observations	3,648	9,165	3,648	9,165
R-squared	0.2203	0.2058	0.134	0.1587
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Stock Market Participation			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	-0.326	-0.614	0.634	0.103
	(-0.27)	(-0.82)	(1.33)	(0.5)
Observations	3,648	9,165	3,648	9,165
R-squared	0.3661	0.2511	0.2768	0.1908
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Homeownership			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	0.745	0.014	0.066	-0.03
	(0.73)	(0.03)	(0.15)	(-0.1)
Observations	3,648	9,165	3,648	9,165
R-squared	0.4562	0.3047	0.3588	0.2061
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.21: Household Risk-Taking Outcomes in Poor Neighborhoods

This table re-runs the risk-taking regressions for households initially assigned to relatively poor parishes within municipalities. Poor parishes are defined as those parishes where the median wealth is below the median level of wealth in that municipality. The outcomes are self-employment (panel A), stock market participation (panel B), and homeownership (panel C). Within each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Panel A: Self-employment			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	0.646*	0.539*	0.11	0.109
	(1.71)	(1.85)	(0.66)	(0.91)
Observations	8,731	19,334	8,731	19,334
R-squared	0.2133	0.1512	0.1117	0.1036
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Stock Market Participation			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1.534**	-0.622	0.555**	-0.016
	(2.37)	(-1.37)	(2.45)	(-0.1)
Observations	8,731	19,334	8,731	19,334
R-squared	0.342	0.2246	0.2494	0.1673
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Homeownership			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	1.102*	-0.067	0.63***	0.009
	(1.86)	(-0.16)	(2.69)	(0.06)
Observations	8,731	19,334	8,731	19,334
R-squared	0.3672	0.2417	0.2825	0.1954
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.22: Housing Wealth Visibility in the Bottom 90%

This table splits municipalities by the housing-wealth share of households below the top decile of the wealth distribution in the initial municipality (measured in 1992). Panel A reports results for the subsample of initial municipalities with an above median housing-wealth share, and panel B for municipalities with a below median housing-wealth share. The dependent variable is household net wealth rank, and the unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: High Housing Share (Bottom 90%)			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	74.456**	-12.403	37.552***	-17.111**
	(2.05)	(-0.68)	(2.94)	(-2.38)
Observations	7,226	15,332	7,226	15,332
R-squared	0.2763	0.196	0.1912	0.1592
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: Low Housing Share (Bottom 90%)			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	96.794**	-12.548	54.515***	9.814
	(2.4)	(-0.77)	(3.14)	(1.3)
Observations	6,692	16,647	6,692	16,647
R-squared	0.2477	0.215	0.1952	0.1921
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes

Table O.A.23: Exposure to Top-Decile Entrants and Alternative Household Wealth Outcome

This table re-estimates the exposure to new top-decile entrants regressions but using inverse-hyperbolic-sine net wealth as outcome variable instead of wealth rank. *Exposure to top-decile entrants* refers to share of neighbors in the electoral district of initial assignment who move from the bottom 90 percent to the top 10 percent of the municipal wealth distribution between 1986 and 1992. Columns (1)–(3) correspond to the full sample, rich parishes, and poor parishes, respectively. Rich (poor) parishes are defined as those parishes where the median wealth is above (below) the median level of wealth in that municipality. All regressions include arrival-year, country-of-origin, observation-year, and parish fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. All regressions also include the (log) average wealth in 1986 and the (log) change in median wealth between 1986 and 1992 in the initial electoral district, as well as the share of households in the initial electoral district who moved up at least one decile in the municipal wealth distribution from 1986 to 1992 and the share of households in the initial electoral district who were in the top municipal wealth decile in 1986 and remained there in 1992. Standard errors are clustered at the initial electoral district and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	(IHS of) Net Wealth		
	Panel A: Better Educated		
	Full Sample	Rich Parishes	Poor Parishes
	(1)	(2)	(3)
Exposure to Top-Decile Entrants	19.175*	-4.784	38.977***
	(1.79)	(-0.2)	(2.89)
Observations	10,167	2,661	6,651
R-squared	0.3602	0.4591	0.3588
Arrival-year FE	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes
Parish FE	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes
Household controls	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes
	Panel B: Less Educated		
	Full Sample	Rich Parishes	Poor Parishes
Exposure to Top-Decile Entrants	-3.083	-4.276	3.605
	(-0.48)	(-0.41)	(0.39)
Observations	24,257	6,770	15,328
R-squared	0.2072	0.2727	0.1973
Arrival-year FE	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes
Parish FE	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes
Household controls	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes

Table O.A.24: Exposure to Neighbors with Large Wealth Increases

This table reports coefficient estimates from OLS regressions of household net wealth rank on exposure to neighbors with large increases in wealth. *Exposure to neighbors with large wealth increases* is defined as the share of neighbors living in the electoral district of initial assignment whose change in net wealth between 1986 and 1992 exceeded SEK 568,200 (i.e., the 90th percentile increase in wealth between 1986 and 1992 among those with a positive increase in the full LINDA sample). Columns (1)–(3) correspond to the full sample, rich parishes, and poor parishes, respectively. Rich (poor) parishes are defined as those parishes where the median wealth is above (below) the median level of wealth in that municipality. All regressions include arrival-year, country-of-origin, observation-year, and parish fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. Note that all regressions also control for the initial (log) average wealth (in 1986) and the (log) change in median wealth between 1986 and 1992 in the initial electoral district, as well as the share of households in the initial electoral district whose change in net wealth between 1986 and 1992 exceeded SEK 165,700 (i.e., the median increase in wealth among those who experienced an increase during the period of placement) and the share of households in the initial electoral district who were in the top municipal wealth decile in 1986 and remained there in 1992. Standard errors are clustered at the initial electoral district and *t*-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. The estimates show that the neighbor-exposure results are not driven solely by general regional mobility or district characteristics. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank		
	Panel A: Better Educated		
	Full Sample	Rich Parishes	Poor Parishes
	(1)	(2)	(3)
Large Wealth Increases	69.580**	15.011	115.613***
	(2.47)	(0.22)	(3.04)
Observations	10,167	2,661	6,651
R-squared	0.3699	0.445	0.3781
Arrival-year FE	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes
Parish FE	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes
Household controls	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes
	Panel B: Less Educated		
	Full Sample	Rich Parishes	Poor Parishes
Large Wealth Increases	13.079	26.665	13.799
	(0.88)	(1.05)	(0.6)
Observations	24,275	6,770	15,346
R-squared	0.2697	0.3374	0.2573
Arrival-year FE	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes
Parish FE	Yes	Yes	Yes
Time-year FE	Yes	Yes	Yes
Household controls	Yes	Yes	Yes
Regional controls	Yes	Yes	Yes

Table O.A.25: Characteristics of New Top-Decile Entrants and Other Groups of Neighbors

This table reports descriptive statistics on stock market participation, self-employment, and homeownership rates for three groups of reference households in the initial electoral district: *New Top-Decile Entrants* (panel A) refers to the group of neighbors who move from the bottom 90 percent to the top 10 percent of the municipal wealth distribution between 1986 and 1992, *Incumbent-Rich Neighbors* (panel B) refers to the group of neighbors who are in the top municipal wealth decile in 1986 and remain there in 1992, and *Non-Movers* (panel C) refers to the group of neighbors who are in the bottom 90% of the municipal wealth distribution in both 1986 and 1992.

	Panel A: New Top-Decile Entrants		
	Mean	S.D.	Obs
Stock market participation	0.2844	0.4511	11,185
Self-employment	0.1075	0.3097	11,185
Homeownership	0.8564	0.3507	11,185
	Panel B: Incumbent-Rich		
	Mean	S.D.	Obs
Stock market participation	0.4521	0.4977	16,024
Self-employment	0.0875	0.2826	16,024
Homeownership	0.9063	0.2914	16,024
	Panel C: Non-Movers		
	Mean	S.D.	Obs
Stock market participation	0.0919	0.2888	196,788
Self-employment	0.0619	0.241	196,788
Homeownership	0.5082	0.4999	196,788

Table O.A.26: Exposure to Local Wealth Inequality and Long-Run Household Wealth in High Stock-Market-Participation Municipalities

This table re-runs the wealth rank regressions in Table I for households initially assigned to municipalities with above-median stock-market participation rates at year of arrival. Panel A reports the results for the full subsample of high-stock-market-participation municipalities, and panels B and C further split that subsample into high- and low-wealth-transition regions. The dependent variable is household net wealth rank, and the unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Full Sample			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	110.126***	5.260	41.561**	-11.669
	(2.90)	(0.30)	(2.10)	(-1.41)
Observations	7,121	15,779	7,121	15,779
R-squared	0.2726	0.2042	0.2042	0.1831
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: High Wealth Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	121.494**	-1.050	62.244**	-14.009
	(2.62)	(-0.05)	(2.03)	(-1.39)
Observations	4,311	10,296	4,311	10,296
R-squared	0.2912	0.2129	0.2524	0.1969
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Low Wealth Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	59.100	29.080	47.490*	10.938
	(1.21)	(0.95)	(1.74)	(0.84)
Observations	2,810	5,483	2,810	5,483
R-squared	0.3156	0.2175	0.2822	0.2064
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.27: Exposure to Local Wealth Inequality and Long-Run Household Wealth in Low Stock-Market-Participation Municipalities

This table re-runs the wealth rank regressions in Table I for households initially assigned to municipalities with below-median stock-market participation rates at year of arrival. Panel A reports the results for the full subsample of low-stock-market-participation municipalities, and panels B and C further split that subsample into high- and low-wealth-transition regions. The dependent variable is household net wealth rank, and the unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Full Sample			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	39.172	-24.370	12.739	4.493
	(1.04)	(-1.30)	(0.85)	(0.52)
Observations	6,797	16,200	6,797	16,200
R-squared	0.2451	0.2105	0.1525	0.1715
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: High Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	68.712	-1.710	12.128	12.578
	(1.15)	(-0.05)	(0.52)	(0.95)
Observations	3,012	7,227	3,012	7,227
R-squared	0.2742	0.2199	0.1848	0.1731
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Low Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	-10.740	-36.794*	-2.252	0.990
	(-0.23)	(-1.74)	(-0.09)	(0.08)
Observations	3,785	8,973	3,785	8,973
R-squared	0.2748	0.2212	0.2166	0.1990
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.28: Exposure to Local Wealth Inequality and Long-Run Household Wealth in High Self-Employment Municipalities

This table re-runs the wealth rank regressions in Table I for households initially assigned to municipalities with above-median self-employment rates at year of arrival. Panel A reports the results for the full subsample of high-self-employment municipalities, and panels B and C further split that subsample into high- and low-wealth-transition regions. The dependent variable is household net wealth rank, and the unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Full Sample			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	114.148***	-9.383	34.926***	-5.561
	(3.03)	(-0.50)	(2.92)	(-0.86)
Observations	7,151	16,803	7,151	16,803
R-squared	0.3132	0.2200	0.2186	0.1763
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: High Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	157.421***	-0.663	63.081***	-11.241
	(3.31)	(-0.03)	(3.93)	(-1.58)
Observations	3,722	9,007	3,722	9,007
R-squared	0.3361	0.2482	0.2458	0.1960
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Low Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	20.300	-21.579	9.527	1.439
	(0.41)	(-0.81)	(0.52)	(0.11)
Observations	3,429	7,796	3,429	7,796
R-squared	0.3385	0.2213	0.2877	0.1993
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

Table O.A.29: Exposure to Local Wealth Inequality and Long-Run Household Wealth in Low Self-Employment Municipalities

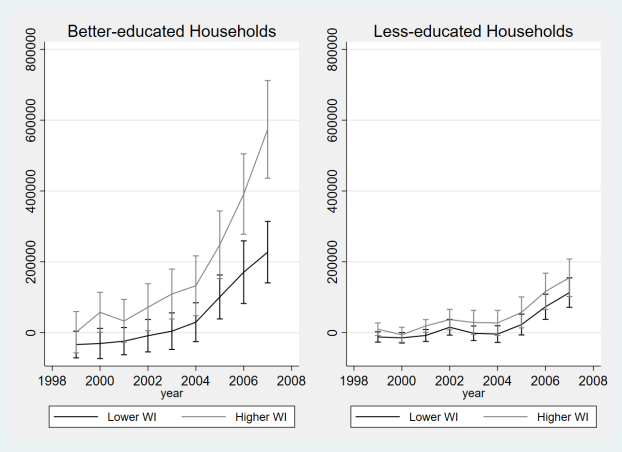
This table re-runs the wealth rank regressions in Table I for households initially assigned to municipalities with below-median self-employment rates at year of arrival. Panel A reports the results for the full subsample of low-self-employment municipalities, and panels B and C further split that subsample into high- and low-wealth-transition regions. The dependent variable is household net wealth rank, and the unit of observation is the household-year. In each panel, columns (1) and (2) report municipality fixed-effects specifications, whereas columns (3) and (4) report county fixed-effects specifications. In addition, all specifications include arrival-year, country-of-origin, and observation-year fixed effects, and household controls for age group, gender, marital status, the number of adults and children in the household, (IHS of) household income, and indicator variables for employment, retirement, and student status. In columns (3) and (4), the county fixed-effects specifications additionally control for four municipality-size categories. Better-educated households have at least some college education; less-educated households have at most a high-school degree. Standard errors are clustered at the initial municipality and t-statistics are reported in parentheses. We refer the reader to Online Appendix A (Variable Definitions) for further variable definitions and measurement details. *, **, and *** indicate significance at the 10, 5, and 1 percent levels.

	Net Wealth Rank			
	Panel A: Full Sample			
	Better-educated	Less-educated	Better-educated	Less-educated
	(1)	(2)	(3)	(4)
Initial wealth inequality	27.008	-7.750	27.944	13.122
	(0.74)	(-0.44)	(1.58)	(1.45)
Observations	6,767	15,176	6,767	15,176
R-squared	0.2019	0.1990	0.1685	0.1846
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel B: High Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	23.520	10.254	68.193	11.058
	(0.50)	(0.43)	(1.67)	(0.74)
Observations	3,601	8,516	3,601	8,516
R-squared	0.2288	0.1983	0.2175	0.1918
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes
	Panel C: Low Wealth-Transition Regions			
	Better-educated	Less-educated	Better-educated	Less-educated
Initial wealth inequality	-19.906	-27.571	11.553	0.814
	(-0.38)	(-1.10)	(0.28)	(0.07)
Observations	3,166	6,660	3,166	6,660
R-squared	0.2553	0.2300	0.2057	0.2153
Arrival-year FE	Yes	Yes	Yes	Yes
Country-of-origin FE	Yes	Yes	Yes	Yes
County FE	No	No	Yes	Yes
Municipality FE	Yes	Yes	No	No
Time-year FE	Yes	Yes	Yes	Yes
Household controls	Yes	Yes	Yes	Yes

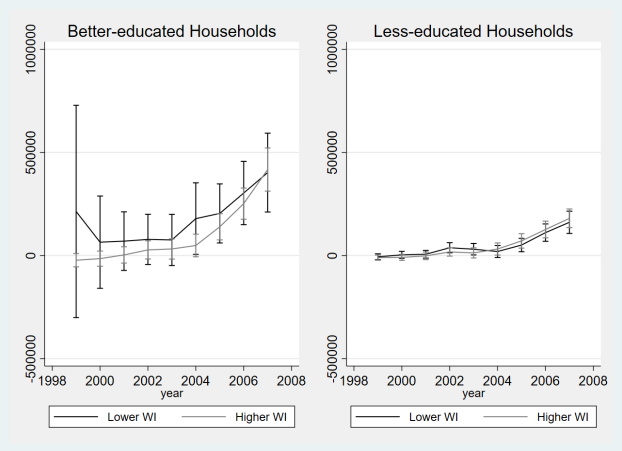
Figures

Figure O.A.1: Exposure to Wealth Inequality in High vs. Low Wealth Transition Regions

This figure plots the evolution of average net wealth of refugee households during the 1999-2007 period based on their initial assignment to municipalities with relatively high versus low wealth inequality and relative high versus low frequency of transitions in the top wealth decile, respectively. In Panel (a), we focus on the average net wealth of better- and less-educated households who were initially assigned to high wealth-transition municipalities. In Panel (b), we instead focus on the average net wealth of better- and less-educated households who were initially assigned to low wealth-transition municipalities.



(a) Exposure to Wealth Inequality in High Wealth-Transition Municipalities



(b) Exposure to Wealth Inequality in Low Wealth-Transition Municipalities

Figure O.A.2: Illustration of Geographic Units in Sweden

This figure illustrates the nested geography used in the paper. Sweden contains 290 municipalities, 2,482 parishes, and roughly 5,700 electoral districts. Electoral districts typically contain about 1,000 to 2,000 residents. The geographic illustration is based on the 2006 administrative map.

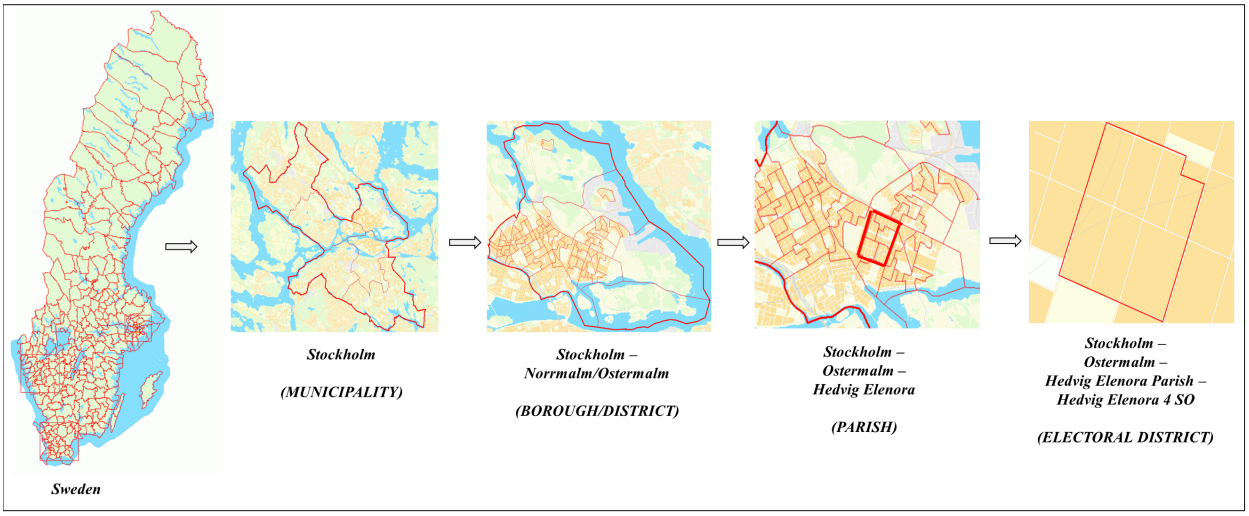


Figure O.A.3: Validation of Taxable Wealth against Market-Value Wealth

This figure plots municipality-year top-10-percent wealth shares based on market-value net wealth against the corresponding top-10-percent wealth shares constructed from imputed taxable wealth (using the tax code in 1987-91) in 1999–2007. Each point is a municipality-year observation. The fitted relation is extremely tight, with a slope 0.997, an intercept of -0.035, and an $R^2 = 0.947$ across 2,607 municipality-year observations.

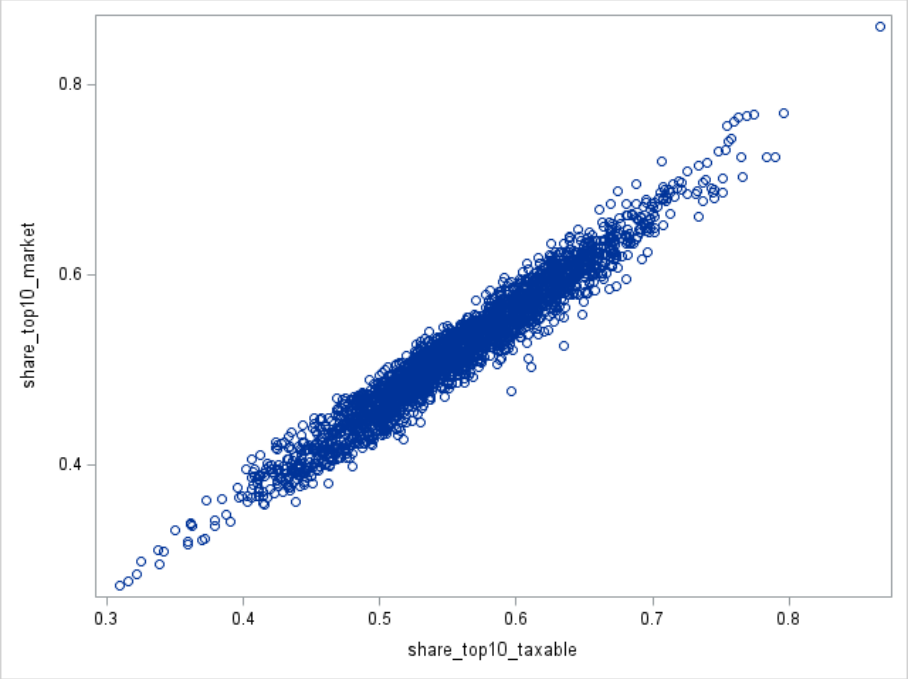


Figure O.A.4: Randomization Check for Baseline Net Wealth Rank Estimates

This figure reports the placebo distribution from a randomization exercise that repeatedly (1,000 times) re-allocates municipality-year wealth inequality observations across municipality-year cells and re-estimates baseline net wealth rank specification (for better-educated only).

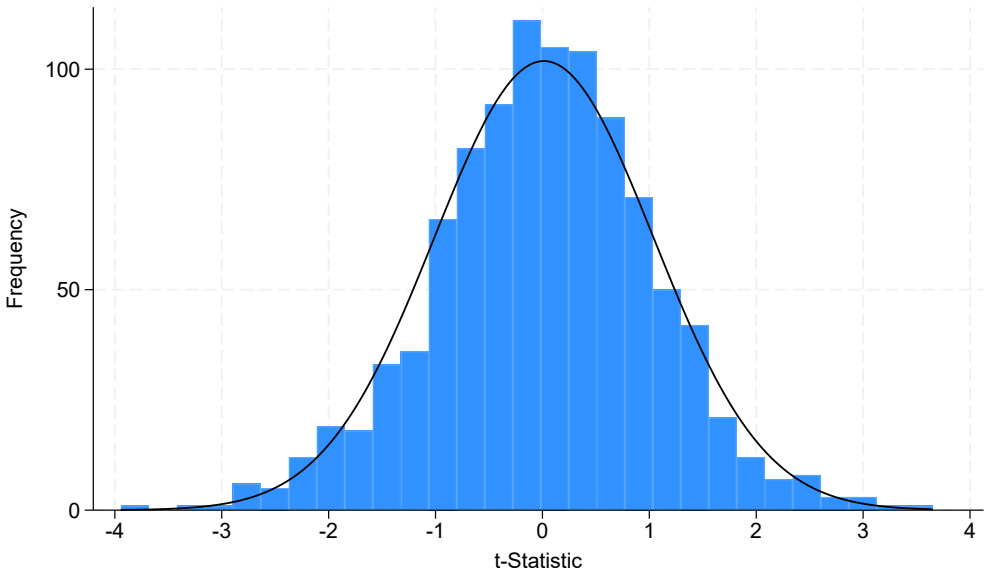


Figure O.A.5: Wealth Inequality in Sweden: 1987

This map reports municipality-level wealth inequality in 1987, measured as the share of aggregate taxable net wealth held by the top 10 percent of the local wealth distribution. Darker shading indicates higher local wealth concentration.

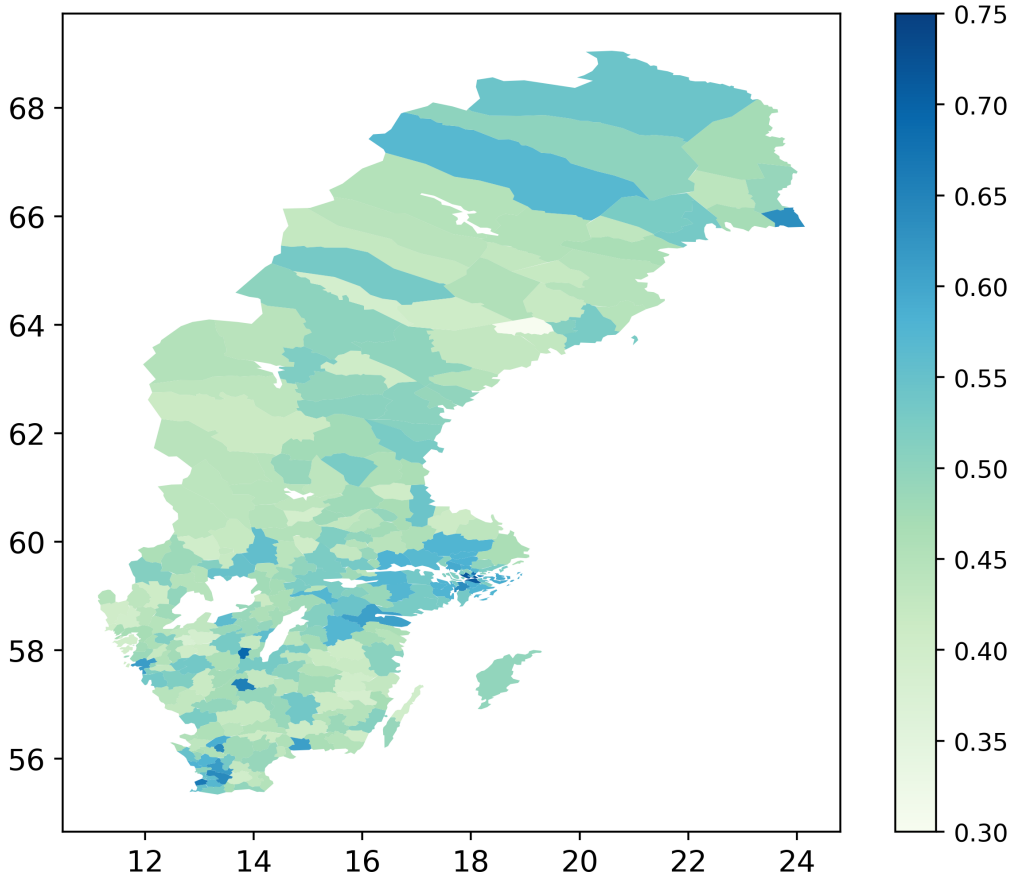


Figure O.A.6: Wealth Inequality in Sweden: 1988

This map reports municipality-level wealth inequality in 1988, measured as the share of aggregate taxable net wealth held by the top 10 percent of the local wealth distribution. Darker shading indicates higher local wealth concentration.

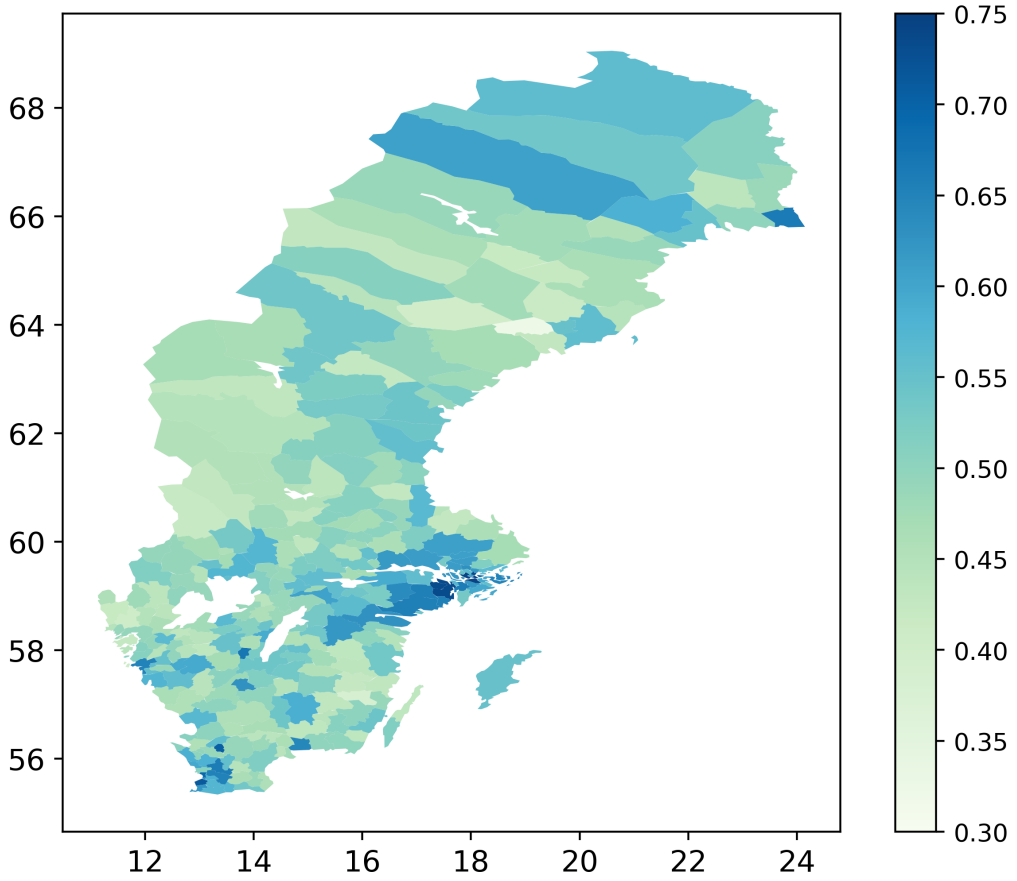


Figure O.A.7: Wealth Inequality in Sweden: 1989

This map reports municipality-level wealth inequality in 1989, measured as the share of aggregate taxable net wealth held by the top 10 percent of the local wealth distribution. Darker shading indicates higher local wealth concentration.

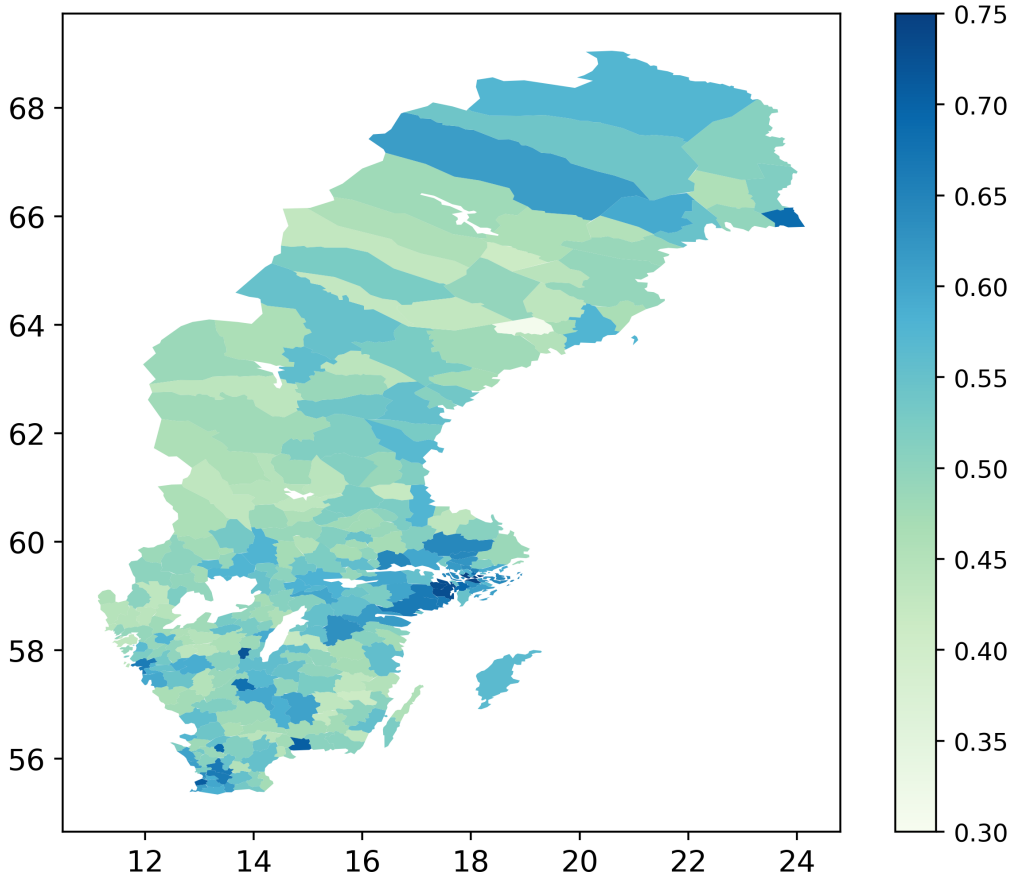


Figure O.A.8: Wealth Inequality in Sweden: 1990

This map reports municipality-level wealth inequality in 1990, measured as the share of aggregate taxable net wealth held by the top 10 percent of the local wealth distribution. Darker shading indicates higher local wealth concentration.

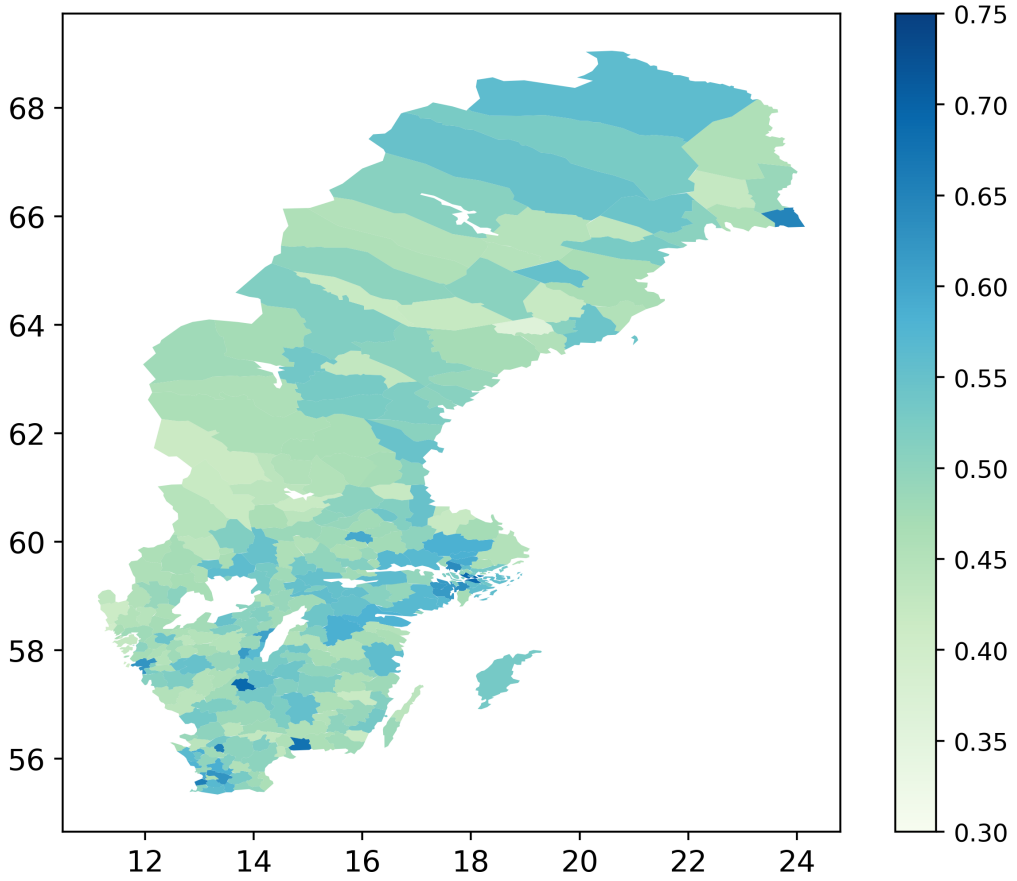
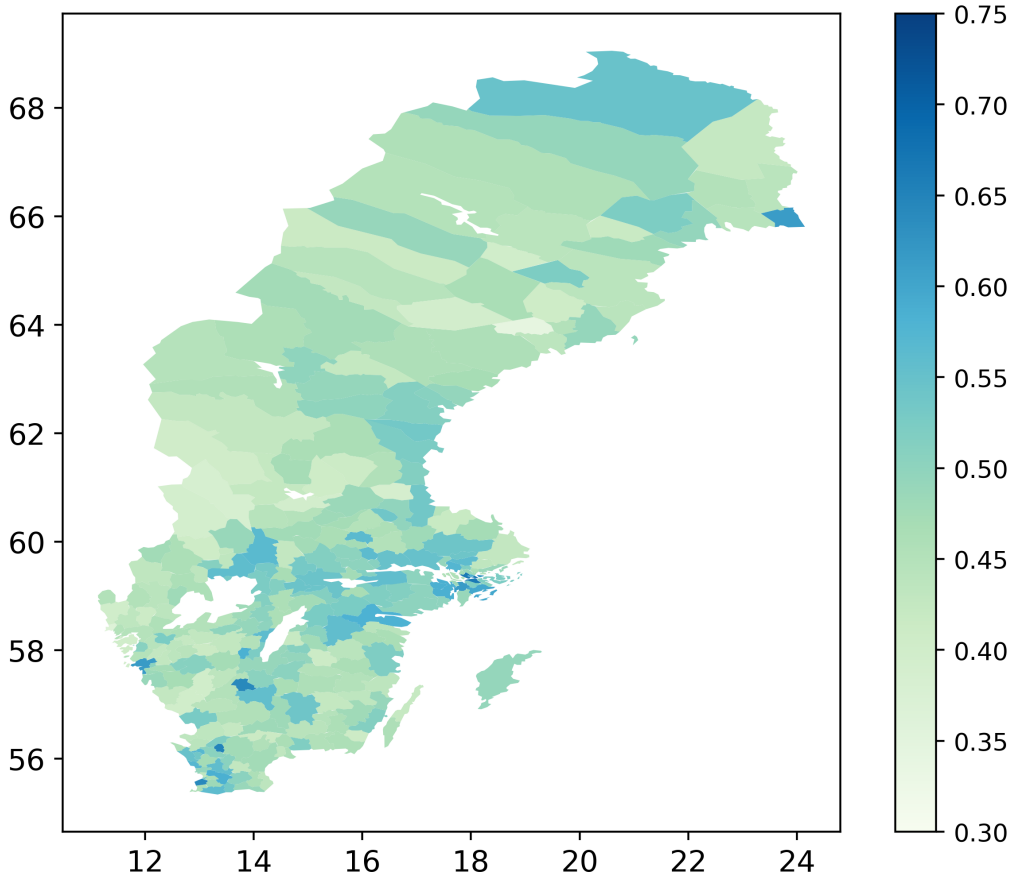


Figure O.A.9: Wealth Inequality in Sweden: 1991

This map reports municipality-level wealth inequality in 1991, measured as the share of aggregate taxable net wealth held by the top 10 percent of the local wealth distribution. Darker shading indicates higher local wealth concentration.



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