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Juan Herreño

Contact Information

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Placement

Chairs: Donald Davis drd28@columbia.edu and Martín Uribe mu2166@columbia.edu
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Education

Ph.D. in Economics, Columbia University (expected)	2020
M.Phil. in Economics, Columbia University	2019
M.A. in Economics, Universidad de los Andes	2012
B.A. in Economics, Universidad de los Andes	2010
B.S. in Industrial Engineering, Universidad de los Andes	2009

Honors and Awards

Dissertation Fellowship, Columbia University	2019-2020
Doctoral Student Grant, Clausen Center, (with Mathieu Pedemonte)	2018
Wueller Pre-Dissertation Award, Columbia University	2017
Dean's Fellow, Columbia University	2014
Juan Luis Londoño Award, Best M.A. thesis, Univ. de Los Andes	2012

Fields

Macroeconomics, Finance

Job Market Paper

The Real Effects of Bank Lending Cuts

A large body of cross-sectional evidence has established that cuts in the supply of bank lending affect firm outcomes and the allocation of credit. However, it is unclear what these results imply for the effect on aggregate output of a cut in aggregate bank lending. I estimate this aggregate effect using a new general equilibrium model with multibank firms, relationship banking, endogenous credit dependence, and bank market power. I use a set of cross-sectional patterns to estimate the key structural parameters of the model. The effect of an aggregate lending cut on aggregate output is large: a one percent decline in aggregate bank lending supply reduces aggregate output by 0.2 percent. The structure of labor and credit markets is important to reach this answer. Under an alternative parametrization of the model that ignores input markets frictions the response of aggregate output is three times smaller. Under my preferred parametrization, the cross-sectional effects survive aggregation in general equilibrium. Instead, with frictionless input markets the cross-sectional patterns overestimate the aggregate response by a factor of five.

Research

The Slope of the Phillips Curve: Evidence from U.S. States

with Jonathon Hazell, Emi Nakamura, and Jón Steinsson

Subsistence Entrepreneurship and Aggregate Productivity
with Sergio Ocampo
We document three facts about self-employment in developing economies. First, self-employment is prevalent in the left tail of the income distribution. Second, transitions in-and-out of self-employment are common, with liquidity-constrained agents transitioning more to self-employment. Finally, when salaried work opportunities emerge, self-employment rates go down. Models that predict positive selection into self-employment are at odds with these facts. We augment a workhorse macro-development model with a mechanism supported by the data, generated by interacting unemployment risk and credit frictions. Low wealth, unemployed agents choose self-employment to earn subsistence income, regardless of their entrepreneurial ability. Low job-finding rates from self-employment make subsistence entrepreneurs stay self-employed. As a result, large shares of the labor force own low-productive businesses. Improving the generosity of safety nets in the model increases welfare by 2%. Also, self-employment goes down, salaried work goes up, the unemployment rate rises.

Price Dispersion and Frictions in the Physical Capital Market
with Andrés Drenik and Pablo Ottonello
This paper studies the physical-capital market with an approach similar to that developed in the labor-market for the question: Why are similar workers paid differently? (Mortensen, 2005). Using a unique dataset on a panel of capital structures posted for sale or rent, we document a large degree of heterogeneity in prices of capital units to be traded. We show that a quarter of price differences cannot be explained by observable characteristics included in the listings: location, size, and age of the unit. We provide empirical evidence and a model of frictional trading in the physical-capital market suggesting this residual price dispersion can be explained by the presence of asymmetric information and search frictions. Mapping our model to the data, we quantify a large degree of asymmetric information and discuss policies aimed at improving market efficiency.

Overborrowing and Information
with Carlos Rondón-Moreno
We relax the perfect information assumption in a small open economy with collateral constraints. Agents observe income growth but do not perceive whether the underlying shocks are permanent or transitory. The likelihood and severity of financial crises are increased by the interaction between the information friction and a pecuniary externality that emerges when agents use as collateral an asset valued at market prices. Due to a more significant welfare loss, the optimal tax to restore constrained efficiency is six times larger than under perfect information.

The Price Pass-Through of Local Shocks and the Effectiveness of Fiscal Devaluations
with Mathieu Pedemonte

Academic Experience

Research Assistant: Emi Nakamura and Jón Steinsson	2015 - 2018
Research Assistant: Stephanie Schmitt-Grohé and Martin Uribe	2015

TEACHING EXPERIENCE	Macroeconomic Analysis II (PhD), Columbia for Hassan Afrouzi, Emi Nakamura, and Jón Steinsson	Spring 2018
	Intermediate Macroeconomics (Undergraduate), Columbia for Irasema Alonso	Fall 2018
	Principles of Economics (Undergraduate), Columbia for Nicola Zaniboni	Fall 2015
	Advanced Macroeconomics II, (Master), Universidad de los Andes for Andrés Fernández and Marc Hofstetter	Fall 2011
CONFERENCE PRESENTATIONS	Young Economist Symposium (2019), MFM Summer Session (2018), LACEA - LAMES (2016), Canadian Economic Association (2013), Central Bank of Colombia (2012)	
PROFESSIONAL EXPERIENCE	Inter-American Development Bank, Research Department, Research Fellow	2012-2014
	Lumni, Inc., Research Department, Research Analyst	2010-2012
OTHER INFORMATION	Software Knowledge: Matlab, Stata, SAS, R, Python Professional Service: Monetary Colloquium Organizer, Young Economist Symposium organizing committee member Languages: Spanish (Native), English (Fluent)	

ACADEMIC REFERENCES

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