Pedro Miguel Casavilca Silva

Address: Department of Economics
Yale University
New Haven, CT 06520-8268

Telephone: +1 203 512 9505

E-mail: pedromiguel.casavilcasilva@yale.edu

Web page: www.pedrocasavilca.com

Citizenship: Peruvian (F1 visa)

Fields of Concentration:
Primary Field: Labor Economics
Secondary Fields: Macroeconomics, Public Economics

Desired Teaching:
Labor Economics, Macroeconomics, Computational Methods in Economics, Applied Econometrics

Comprehensive Examinations Completed:
2020 (Oral): Labor Economics, Public Economics
2019 (Written): Microeconomics, Macroeconomics

Dissertation Title: *Essays on Firms and Workers in an Informal Economy*

Committee:
Professor Costas Meghir (Chair)
Professor Orazio Attanasio
Professor Ilse Lindenlaub

Degrees:
Ph.D., Economics, Yale University, 2024 (expected)
M.Phil., Economics, Yale University, 2022
M.A., Economics, Yale University, 2021
M.A., Economics, Pontificia Universidad Católica de Chile (PUC Chile), 2014 (*honors*)
B.A., Economics, Universidad del Pacífico (UP), 2009 (*honors*)

Working Papers:
"Job Ladder Consequences of Employment Protection: Theory and Evidence from Peru", (December 2023), *Job Market Paper*

*"*Assessing the Impact of the REACTIVA Program: Credit, Debt, and Labor Demand Effects during the COVID-19 Pandemic in Peru" with Maria Teresa Sarmiento, (November 2023).

Previous Papers:

"On teachers' performance pay systems: the case of SNED program in Chile", Master's Thesis, (July 2014)

"Economic growth and demand for higher education in Peru 2004 – 2006" with Juan Francisco Castro and Rose Lizarzaburu, (December 2010). Published in Apuntes Magazine 66th edition and CIES Magazine in December 2010.

Work Experience:

Director of Macroeconomic Forecasts and Scenarios at Ministry of Economy and Finance of Peru, Oct-2017 – May-2018

Economist in Cabinet of Advisors of Minister Alfredo Thorne at Ministry of Economy and Finance of Peru, Oct-2016 – Jun-2017

Economist in Cabinet of Advisors of Minister Alonso Segura at Ministry of Economy and Finance of Peru, Sep-2014 – Aug-2016

Graduate Intern in Investment Strategy and Economic Research at Banco de Crédito del Perú, Jan-2013 – Feb-2013

Economist in Investment Strategy and Economic Research at Banco de Crédito del Perú, Jul-2009 – Feb-2012

Research Experience:

Research Assistant to Prof. Tomás Rau, PUC Chile, Jan-2014 – Jun-2014

Research Assistant to Prof. Juan Francisco Castro, UP, Jul-2007 – Jul-2009

Teaching Experience:

Yale College, Undergraduate
Fall 2022, Teaching Assistant to Prof. Costas Meghir, Intermediate Data Analysis and Econometrics
Spring 2022, Teaching Assistant to Prof. Kaivan Munshi, Fundamentals of Economic Development
Fall 2021, Teaching Assistant to Prof. William Nordhaus, Intermediate Macroeconomics
Summer 2021, Teaching Assistant to Senior Lecturer Marnix Amand, Introductory Macroeconomics
Spring 2021, Teaching Assistant to Prof. Fabrizio Zilibotti, Intermediate Macroeconomics
Fall 2020, Teaching Assistant to Prof. Aleh Tsyvinski and Samuel Kortum, Introductory Macroeconomics

PUC Chile, Graduate
2013-2014, Instructor, Matlab Workshop (x2)
2012-2014, Instructor, Stata Workshop (x4)
Fall 2012, Teaching Assistant to Prof. Jaime Casassus, Mathematical Economics

PUC Chile, Undergraduate
Spring 2013, Spring 2014, Teaching Assistant to Prof. Tomas Rau, Econometrics I
Spring 2014, Teaching Assistant to Prof. Jaime Casassus, Econometrics I

UP, Undergraduate
2016.1, 2016.2, 2017.1, Instructor, Microeconomics I
2008.1, 2008.2, Teaching Assistant to Prof. Juan Francisco Castro, Econometrics II
2009.1, Teaching Assistant to Prof. Juan Francisco Castro, Econometrics I
2006.2, 2007.2, Teaching Assistant to Prof. Elsa Galarza, Microeconomics II
2008.1, 2008.2, Teaching Assistant to Prof. Michel Canta, Macroeconomics II
2009.1, Teaching Assistant to Prof. Joanna Kámiche, Microeconomics I
2007.1, Teaching Assistant to Senior Lecturer Manuel Luy, Microeconomics I
2006.1 – 2008.2, Teaching Assistant to Prof. Juan Francisco Castro, Introductory Macroeconomics

Honors and Awards:

Teaching Fellowship Prize, 2021-2022. Yale University. Teaching Fellow in the Intermediate Macroeconomics course taught by Professor William Nordhaus, Nobel Prize Laureate 2018

Cowles Foundation and Economic Growth Center Fellowship, 2018 - present. Yale University

Best Lecturer in the Economics Department, 2017. UP

Best practice of Public Service Code of Ethics, 2016. Ministry of Economy and Finance of Peru

Best practice of Public Service Code of Ethics, 2015. Ministry of Economy and Finance of Peru

Academic Excellence Award, 2014. PUC Chile

Highest Distinction for Thesis, 2014. PUC Chile

Academic Excellence Graduate Fellowship, 2013. PUC Chile

Prima AFP Excellence Award, 2009. College graduate with honors

Academic Excellence Award, 2009. UP

Referee Service:

Young Economists Symposium 2020

Leadership Activities:

President of Students' Center of UP (CEUP), 2008
Member and Editor of Grupo Convergencia, 2005 – 2007

Languages:

Spanish (native), English (fluent), German (beginner)

References

Prof. Costas Meghir
Yale University
Department of Economics
New Haven, CT 06520
PO Box
Phone: 203-432-3558
c.meghir@yale.edu

Prof. Orazio Attanasio
Yale University
Department of Economics
New Haven, CT 06520
PO Box
Phone: 203-432-3560
orazio.attanasio@yale.edu

Prof. Ilse Lindenlaub
Yale University
Department of Economics
New Haven, CT 06520
PO Box
Phone: 203-432-3587
ilse.lindenlaub@yale.edu

Prof. William Nordhaus
(Teaching reference)
Yale University
Department of Economics
New Haven, CT 06520
PO Box
Phone: 203-432-6071
william.nordhaus@yale.edu

Dissertation Abstract

Job Ladder Consequences of Employment Protection: Theory and Evidence from Peru, [Job Market Paper]

In many developing countries, informal employment is a widespread phenomenon. It accounts for over 30% of the labor force and favors the prevalence of small and low-productive firms, contributing to wage inequality and the lack of long-term growth. Recent literature has studied the significant transitions from informal to formal employment but has paid less attention to the internal composition of the latter. Formal employment includes temporary and permanent contracts, which, compared to temporary, *de facto* provide employment protection through severance pay upon firing. This paper examines how firms and workers choose and transition between informal, temporary, and permanent jobs. It also studies the equilibrium effect of employment protection on workers' dynamics between these arrangements. This impact is complex. An increase in severance pay may prompt firms to offset the reduced profitability in permanent hiring by reducing entry wages. Firms may also alter the mix of contract offerings, affecting the prevalence of informal employment. To account for these factors, I develop an equilibrium model where firms and workers determine the types of contracts available, and firms, in response to reduced severance, have to pay higher wages to permanent employees to compensate them for the loss of job security.

Combining firm and worker-level data from Peru with a novel matched employer-employee dataset, I first document two key facts: (i) workers gradually progress from unemployment to jobs with higher formal status; (ii) a legal reform that increased firing costs in 2002 positively affected firms' posting of temporary jobs, resulting in a substitution of permanent for temporary workers within firms.

This evidence informs the equilibrium model. Firms choose the type of contract to offer by comparing the expected benefit of creating a vacancy to its unit vacancy cost. As jobs become more formal, firms balance higher regulation costs against lower wages and better employee retention. Workers decide the type of job to apply for by maximizing the expected return to search, balancing the probability of finding a job with potential surplus. In equilibrium, firms are indifferent to posting all types of vacancies, while workers target higher-valued jobs based on the present discounted value of their current employment state.

I estimate the model using the Method of Simulated Moments. The estimation yields an equilibrium job ladder where informal jobs are an initial step towards formal employment, and temporary contracts serve as a bridge to permanent employment, which workers value the most. This sorting arises because, for less valuable positions, finding an informal job is the most likely across contracts. However, as the job value increases, this likelihood decreases more rapidly. This dynamic leads to the displacement of informal jobs by temporary positions, followed by a subsequent displacement of temporary jobs by permanent contracts, as these choices become more attractive to workers in generating the highest expected surplus. The equilibrium job ladder reveals that informality is integral to workers' careers. This result shifts the policy focus from tackling its existence to enhancing the transition to more valuable formal employment.

Finally, I analyze the impact of a reduction in severance from 6.0 to 1.2 monthly wages, reverting the regulation change in 2002. In the short run, this reform increases the share of total formal employment and generates a substitution of temporary for permanent jobs. However, these gains become more than 50% smaller in the long run, when firms adjust relative wages and contract offerings in response to the reduced severance pay. In the new steady state, formal employment increases by just 1.6 percentage points (pps), with a substitution of temporary (-0.7 pps) for permanent employees (+2.3 pps) and a negligible increase in unemployment (+0.1 pps). These results highlight the importance of analyzing severance pay policies within a general equilibrium context. Moreover, the reform generates a steeper job ladder in equilibrium, with slightly higher permanent consumption and improved job-finding probabilities at the top and along the ladder, helping workers to transition faster to formal employment.

Assessing the Impact of the REACTIVA Program: Credit, Debt, and Employment Effects during the COVID-19 Pandemic in Peru, with Maria Teresa Sarmiento

In the context of an economic shutdown due to the COVID-19 pandemic, the Peruvian government launched a government-guaranteed loan program (REACTIVA) to enhance firms' private funding of working capital, necessary to meet their commitments with their employees and providers. Using a novel matched lender-borrower dataset of the Peruvian Financial System, we assess the impact of REACTIVA on credit and real outcomes of eligible firms. We find that borrowers' monthly average total debt increased by USD $67.4k due to the program. However, excluding loans guaranteed by REACTIVA, we find a decrease of USD $19.9k. This suggests that eligible firms substituted more expensive unguaranteed credit for cheaper sponsored credit provided under REACTIVA. Finally, we find a positive causal effect on formal labor demand, allowing eligible firms to move up in the size distribution within their four-digit industry groups. This evidence implies that REACTIVA successfully fostered financial inclusion by allowing firms to access to cheaper credit and to carry out more positive employment adjustments than non-eligible firms.