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BROWN UNIVERSITY

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Personal Information:
Citizenships: Italy, Brazil.

Pre-Doctoral Studies:
Bachelor's Degree in Bioprocess Engineering and Biotechnology, Federal University of Paraná, Curitiba, Brazil, 2010
Master's in Economics, Fundação Getúlio Vargas – Brazilian School of Economics, Rio de Janeiro, Brazil, 2015

Graduate Studies:
Brown University, Providence, RI, USA 2015 to present
Ph.D. Candidate in Economics
Thesis Title: Essays in Macroeconomics
Expected Completion Date: May 2022

References:

Professor Gauti B. Eggertsson
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Professor Pascal Michaillat
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Professor Yann Koby
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Caterina Mendicino
DG Research, European Central Bank
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Teaching and Research Fields:
Primary field: Macroeconomics and Monetary Economics

Secondary fields: Banking, Inequality

Teaching Experience and Certificates:

Fall, 2021	Unemployment and Policies, Brown University, Teaching Assistant to Professor Pascal Michaillat
Spring 2020	Effective Performance Workshop, Brown University

Spring 2020	Intermediate Macroeconomics, Brown University, Teaching Assistant to Professor Manuel Lancastre
Fall, 2019	Bargaining Theory, Brown University, Teaching Assistant to Professor Jack Fanning
Summer 2018	Introduction to Microeconomics, Summer @Brown Program, Instructor
Summer 2018	Introduction to Econometrics, Summer @Brown Program, Teaching Assistant to Mike Beddard
Summer 2016	Economics PhD Math Camp, Instructor
Summer 2016	Introduction to Microeconomics, Summer @Brown Program, Instructor
Spring 2015	Intermediate Macroeconomics, FGV Rio de Janeiro, Teaching Assistant to Professor Pedro Ferreira
Fall 2014	Graduate-level Macroeconomics, FGV Rio de Janeiro, Teaching Assistant to Professors Cezar Santos and Felipe Iachan
Spring 2014	Multivariate Calculus, FGV Rio de Janeiro, Teaching Assistant to Professor Maria Izabel Tavares Camacho

Research Experience and Other Employment:

2018-2019	European Central Bank – Directorate General Research, Monetary Policy - Trainee
Summer 2017	Brown University, Research Assistant Professor Matthew Turner
2016-2018	Brown University, Research Assistant, Professor Joaquin Blaum

Conferences and Seminar Presentations:

Transatlantic Doctoral Conference 2019 - London Business School; Internal Seminar Series 2019 - DGR/European Central Bank; Macro Finance Workshop 2021 – Wharton Finance; Canadian Economics Association Annual Meeting 2021; Society for Economic Dynamics Annual Meeting 2021; SAET Conference 2021; Computing in Economics and Finance 2021; Verein für SocialPolitik Annual Meeting 2021; 24th Central Bank Macroeconomic Modeling Workshop; Brown Bag and Internal Macro Seminar at Brown University (various occasions)

Honors, Scholarships, and Fellowships:

Fall 2020	Inequality Project Fellowship, Brown University
Spring 2021	Dissertation Fellowship, Brown University
2013-2015	CAPES Scholarship for Master's Program in Economics

Publications:

Peruffo, M. and Ferreira, P.C. (2017), THE LONG-TERM EFFECTS OF CONDITIONAL CASH TRANSFERS ON CHILD LABOR AND SCHOOL ENROLLMENT. Econ Inq, 55: 2008-2030. https://doi.org/10.1111/ecin.12457

Research Papers:

"Distributive Effects of Banking Sector Losses" (Job Market Paper) " (with Caterina Mendicino and Lukas Nord)

Abstract: This paper studies the distributive effects of banking sector losses on household consumption and welfare. Using data from the Consumer Expenditure Survey, we document that in response to declines in bank equity returns the consumption of low-income households decreases by roughly twice as much as the average. To understand this result, we develop a heterogeneous-agent model featuring rich income and portfolio heterogeneity and a banking sector subject to financial frictions. The model matches the empirical inequality in consumption responses following a shock to banks' asset returns. Households at the bottom of the income distribution suffer from losses in labor earnings and from an increase in the cost of borrowing. In contrast, high-income consumers can take advantage of temporarily low asset prices and high future returns and increase their savings to sustain a higher consumption in the medium term. In fact, a fraction of households benefits from distress in the banking sector. A debt-financed asset purchase program can improve welfare, especially for low-income individuals, by dampening the increase in credit spreads and stabilizing investment.

"Universal Basic Income in Developing Countries: Pitfalls and Alternatives" (with Pedro Ferreira and André Valério)

Abstract: We study the short- and long-term effects of Universal Basic Income programs - a uniform transfer to every individual in society - in the context of a developing economy and compare this policy with other schemes that condition the transfer on household characteristics such as income and education. We construct a dynastic heterogeneous-agent model, featuring uninsurable idiosyncratic risk, investment in physical and human capital, and choice of labor effort. We calibrate the model to Brazilian data and introduce a UBI transfer equivalent to roughly 4.5% of average household income. We find that, over the short run, this policy alleviates poverty and increases welfare, especially for the poor. Over time, however, income falls and poverty and inequality increase as fewer people stay in school, labor supply decreases, and savings fall. We then explore the consequences of an equivalent transfer that is both subject to means testing and requires recipients to enroll their children in school. This policy outperforms the UBI in several dimensions, increasing overall income, reducing poverty and inequality, and improving welfare. This result is robust to varying the magnitude of the cash transfer. We then investigate which aspects of the CCT make it so effective, and find that the schooling conditionality is crucial in ensuring its long- and even short- run success.

"Secular Drivers of the Natural Interest Rate" (with Josef Platzer)

Abstract: We develop a heterogeneous agent, overlapping generations model with non-homothetic preferences that nests several explanations for the decline in the natural rate of interest (Rn) suggested in the literature: demographic change, a slowdown in productivity growth, a rise in income inequality, and public policy. We add out-of-pocket health expenditures to the analysis. The model can account for a 2.2 percentage point (pp) decline in Rn between 1975 and 2015, within the range of empirical estimates. Rising income inequality is an important driver (-0.70 pp), and together with demographic change (-0.71 pp) and the slowdown in productivity growth (-1.0 pp) explains most of the decline. Growing public debt is the major counteracting force (+0.31 pp). Permanent income inequality is of greater importance than inequality due to uninsurable income risk, and matching the degree of non-homotheticity in consumption and savings behavior to empirical estimates is essential for this result. We find a moderate role for out-of-pocket health expenditures (-0.14 pp). We predict that Rn reaches a low of 0.38% by 2030, after which a slow reversal begins. The natural rate stabilizes at 1% over the long run, a low level when compared to the postwar path of Rn implied by the model. This remains true even if we take into account soaring public debt levels due to the COVID-19 pandemic. Fiscal policy can have considerable impact on the level of Rn, and we propose to treat the level of the natural rate as a public policy choice.

"Tighter Credit and Consumer Bankruptcy Insurance" (with António Antunes, Tiago Cavalcanti, Caterina Mendicino and Anne Villamil)

Abstract: How does bankruptcy protection affect household balance sheet adjustments and aggregate consumption when credit tightens? Using a tractable model of unsecured consumer credit we quantify the trade-off between the insurance and the creditworthiness effects of bankruptcy in response to tighter credit. We show that bankruptcy dampens the effect of tighter credit on aggregate consumption on impact. This is because it allows borrowers to sustain consumption against severe financial distress. However, by leading to consumers' exclusion from the credit market for a certain period, bankruptcy also reduces their ability to smooth consumption over time, implying a slower recovery. The bankruptcy code establishes how costly it is to default, and, thus, plays a crucial role in determining consumers' bankruptcy decisions and in shaping consumption dynamics. We quantify that the 2005 BAPCPA reform, by making filing for bankruptcy more costly, worsened the negative welfare effects of the subsequent credit tightening.

"Financial Development, Competition, and Productivity"

Abstract: I study the procompetitive gains of improving financial markets. To this end, I extend an otherwise static model of oligopolistic competition to account for dynamic capital accumulation and financial frictions in the form of collateral requirements. In this environment, exogenous frictions in the input markets interact with the endogenous misallocation that arises due to market power. I discipline the model using a large panel dataset of Chilean manufacturing establishments and find that improving capital markets leads to a decrease both in the level and in the dispersion of markups. In addition, in economies where financial markets are substantially depressed, the procompetitive gains can account for more than 50% of the total benefits of financial development. Previous quantitative models of financial frictions, which either assume perfectly competitive markets or constant markups, thus underestimate the impact of improving financial institutions.

Work in Progress:

"Optimal Unemployment Insurance – The Role of Human Capital Dynamics"