

Carlos Burga

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Research Interests

PRIMARY	Corporate Finance, Macroeconomics
SECONDARY	International Trade, Development

Education

Ph.D. in Economics	2016-present
Princeton University	
M.A. in Economics	2018
Princeton University	
M.Sc. in Economics	2015
PUC-Rio, Rio de Janeiro, Brazil	
B.A. in Economics	2011
Universidad Nacional Mayor de San Marcos, Lima, Peru	

References

Adrien Matray	Eduardo Morales
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Job Market Paper

“Bank Competition, Capital Misallocation, and Industry Concentration: Evidence from Peru”
with Nikita Céspedes (*Central Bank of Peru*)

We estimate the effects of bank competition on capital misallocation and industry concentration relying on a merger episode that involved the two largest banks competing over small firms in Peru. By exploiting differences in the banks’ geographical footprint, we measure how the merger changed the degree of competition in local banking markets, and how it affected credit and the allocation of resources across firms. We estimate a decline in credit, labor, capital, and sales for small firms after the merger. The contraction of capital is concentrated among small firms with high marginal returns, which increases capital misallocation. In equilibrium, large firms expand by taking over the market share previously attended by small firms, increasing industry concentration. Lastly, we estimate that low bank competition discourages entry decisions, favoring incumbent firms over potential entrants, and reducing business dynamism.

Work in Progress

“Paycheck Protection Programs in Developing Economies: Evidence from *Reactiva Perú*”
with Walter Cuba and Elmer Sánchez (*Central Bank of Peru*)

Paycheck protection programs (PPP) have been implemented worldwide to help firms dealing with Covid restrictions. We estimate the effects of *Reactiva Perú*, a PPP implemented by the Peruvian government to provide loans to firms at low interest rates through the banking sector. We find that banks with high participation in the program, expand total loans and reduce non-PPP loans relative to less exposed banks, which significantly reduces their risk since PPP loans are collateralized by the government. We document that lending relationships are crucial for firms to obtain a PPP loan, regardless of their industry exposure to Covid-19 restrictions. Lastly, we estimate that, upon receiving a PPP loan, the probability of default declines significantly, mainly among small firms operating in industries that were strongly affected by Covid restrictions such as trade and services.

“Banks and the Transmission of Trade Shocks”

I explore the role of banks in shaping the transmission of trade shocks to the domestic economy by studying the Free Trade Agreement (FTA) signed between Peru and China in 2009. I find that banks whose clients are specialized in exporting products that experience a cut in tariffs increase lending to firms operating in non-tradable industries. I show that this increase in lending has real effects on firms’ capital and sales, which provides a new channel through which trade increases welfare, namely banks who are favored from FTAs can expand credit supply to sectors that are not directly benefited.

“Pension Funds, Economic Growth, and Limits in Foreign Investment”
with Francisco Cabezón (*Princeton University*)

“Lending Rate Caps and Misallocation”
with Rafael Nivin (*Central Bank of Peru*)

“Labor Market Deregulation, Firm Dynamics, and Inequality: Evidence from German Mini-jobs”

Research Experience

Research Assistant for Professor Arlene Wong	Fall 2018
Research Assistant for Professor Benjamin Moll	Fall 2017
Research Assistant for Professor Oleg Itskhoki	Summer 2017

Teaching

Introduction to Econometrics (Undergraduate)	Fall 2018, Fall 2019, Fall 2020
Professor Bo Honore	Princeton University
Introduction to Macroeconomics (Undergraduate)	Fall 2018
Professor Elizabeth Bogan	Princeton University

Honors, Scholarships, and Fellowships

Graduate Student Teaching Award, Princeton University	2020
International Economics Section Summer Fellowship, Princeton University	2018–2021
Graduate Fellowship, Department of Economics, Princeton University	2016–2022
FAPERJ Fellowship, MSc in Economics, PUC-Rio	2014
CNPq Scholarship, MSc in Economics, PUC-Rio	2013

Languages

Spanish (native), English, Portuguese