Research Statement

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Fields of research: Political Economy, Economic History, Public Policy.

I am an applied microeconomist studying critical junctures to understand the causes and consequences of collective action, the legacies of authoritarian regimes, and the impact of public policies. My research combines administrative and historical data with modern econometric techniques and my papers have been published in journals such as *American Journal of Political Science*, *Journal of Public Economics*, *Journal of Economic Growth*, *Journal of Development Economics*, and the *Journal of Economic History*, among others. In all of my work developed as assistant professor I have collaborated with other assistant professors or graduate students.

1 Collective action

Individual participation in collective action has long puzzled social scientists due to the combination of common benefits and private costs. This "collective action problem" has given rise to a large body of theoretical literature emphasizing that the actions of others are crucial in understanding individual participation. Despite its importance for theory, empirical investigations estimating how individuals respond to the participation of others are surprisingly scarce.

1.1 Protest participation

In "Collective action in networks: Evidence from the Chilean student movement" (*Journal of Public Economics* 2020), I explore the social causes behind the decision to participate in collective action. During the critical juncture known as the "Chilean student movement of 2011," hundreds of thousands of high-school students skipped school to protest and reform educational institutions. Using administrative data of daily school attendance I present causal evidence of complementarities in school skipping decisions within student networks in national protest days. Identification relies on partially overlapping networks and within school exposure to an inaugural college protest. A structural estimation of a coordination game with incomplete information also supports the existence of these complementarities. Importantly, I show that

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skipping school imposed significant educational costs on students and helped to shift votes towards non-traditional candidates more aligned with their demands.

In "Fear of the police: Evidence from student protests" (with Mounu Prem, working paper), we study the protest behavior of teenagers linked to a student killed by a stray bullet coming from a policeman in Chile. We use administrative data to follow the schoolmates of the victim and those living nearby the shooting in hundreds of protest and non-protest days. We find that police violence causes lower protest participation in street rallies but more adherence to test boycotts. These effects appear among schoolmates of the victim and *not* among students living nearby the killing. Negative educational consequences suffered by the schoolmates combined with previous results suggest that psychological mechanisms are a plausible explanation.

1.2 Consequences of collective action

My work also contributes to a growing literature documenting the impact of collective action on political outcomes and policies. Some of my recent work focuses on the role of collective action in empowering historically underrepresented groups (e.g. women) and how they can change and radicalize the policy agenda. These articles study two critical junctures, the Women's March in the U.S. and the peasant movement in 1970s Chile.

In "The impact of the Women's March on the U.S. House Election" (with Magdalena Larreboure, working paper) we show how protests can empower historically underrepresented groups and improve their political representation. Three million people participated in the Women's March against discrimination in 2017, the largest single-day protest in U.S. history. We show that protesters in the March increased political preferences for women and people from ethnic minorities in the following federal election, the 2018 House of Representatives Election. Using daily weather shocks as exogenous drivers of attendance at the March, we show that protesters increased turnout at the Election and the vote shares obtained by minorities, particularly women, irrespective of their party affiliation. We conclude that protests can help to empower historically underrepresented groups through changes in local political preferences.

In "Collective action and policy agenda: Evidence from Salvador Allende's expropriations" (with Felipe Vial, *Journal of Economic History* 2021) we show that collective actions can radicalize the policy agenda due to a threat of political unrest. The Cold War triggered the appearance of U.S. sponsored re-distributive policies in Latin America with the goal of decreasing the influence of the Soviet Union. We study how organized groups of workers increased the

intensity of one of the largest programs of the time, Salvador Allende's land reform in Chile (1970-1973). Using original data in an event study research design, we find that the local political actions of workers - proxied by land invasions - affected the intensity and location of expropriations. We argue this result can be explained by a threat of political unrest.

2 Legacies of authoritarian regimes

Another part of my work documents the legacies of non-democracies and how these affect the functioning of young democracies. Some of these papers focus on the role played by firms in transmitting economic and political power across political transitions, and some focus on the role played by policies implemented during authoritarian times such as privatization reforms and the intervention of the higher education system. All of these papers examine Chile's transition to democracy and the critical juncture known as the "1988 plebiscite," the referendum which triggered the country's democratization. A summary of this agenda can be found in "The legacy of the Pinochet regime" (with Mounu Prem), a recent chapter to be published in a book edited by Felipe Valencia (Assistant Professor, University of British Columbia).

2.1 Transmission of political and economic power

In "Losing your dictator: Firms during political transition" (with Mounu Prem, *Journal of Economic Growth* 2020), we use new firm-level data from Chile to document resource misallocation in favor of politically connected firms during the transition from dictatorship to democracy. We find that firms with links to the Pinochet regime (1973-1990) were relatively unproductive and benefited from resource misallocation under dictatorship, and those distortions persisted into democracy. We show that, after learning that the dictatorship was going to end, firms in the dictator's network increased their productive capacity, experienced higher profits, and obtained more loans from the main state-owned bank. We test for different explanations and provide suggestive evidence consistent with connected firms aiming to shield their market position for the transition to democracy.

In "The privatization origins of political corporations: Evidence from the Pinochet regime" (with Mounu Prem and Francisco Urzúa, *Journal of Economic History* 2020), we show that the sale of state-owned firms in dictatorships can help political corporations to emerge and persist over time. Using new data, we characterize Pinochet's privatizations in Chile and find

that some firms were sold underpriced to politically connected buyers. These newly private firms benefited financially from the Pinochet regime. Once democracy arrived, they formed connections with the new government, financed political campaigns, and were more likely to appear in the Panama Papers. These findings reveal how dictatorships can influence young democracies using privatization reforms. Our paper won the Arthur H. Cole Prize for the best paper published in the journal from September 2019 to 2020.

In "Privatization and business groups: Evidence from the Chicago Boys in Chile" (with Felipe Aldunate, Mounu Prem, and Francisco Urzúa; *Explorations in Economic History* 2020), we test for a link between privatizations during the Pinochet dictatorship and the formation of new business groups. Business groups are the predominant organizational structure in modern Chile and we test the long-standing hypothesis that the privatization reform implemented by the "Chicago Boys" during the Pinochet regime facilitated the creation of new groups and hence the renovation of the country's elites. Using new data we find that firms sold during this privatization later became part of new business groups, process aided by an economic crisis that debilitated traditional elites. Moreover, some firms were bought by Pinochet's allies and were later used as providers of capital within groups. These findings led us to conclude that privatizations can empower outsiders to replace business elites.

In "The value of political capital: Dictatorship collaborators as business elites" (with Mounu Prem, *Journal of Economic Behavior and Organization*, 2018) we asked what is the value of political capital for individuals? Towards the end of the Pinochet dictatorship in Chile, military and civilian collaborators entered the business elite, controlling the largest and most important firms in the country. Using a novel panel dataset of board members in these firms, we document an appointment premium for those who had previously collaborated with Pinochet. After democratization, however, collaborators were removed from boards and their compensation premium disappeared. These results suggest that dictatorship collaborators earn a premium in the business world in dictatorship, evidence which is consistent with the critical role played by these individuals in the transmission of power across regimes.

In "Lost in transition? The persistence of dictatorship mayors" (with Mounu Prem and Pablo Muñoz, *Journal of Development Economics* 2021), we look at Chile's transition to democracy in 1990 to study the persistence of authoritarian politics at the local level. Using new data on the universe of mayors appointed by the Pinochet dictatorship (1973-1989), and leveraging on the arbitrary election rules that characterized the first local election in 1992, we present two main findings. First, dictatorship mayors obtained a vote premium that is larger among the last

wave of incumbents and appears partially explained by an increase in local spending. Second, dictatorship mayors who were democratically elected in 1992 brought votes for the parties that collaborated with the dictatorship in subsequent elections held in democracy. These results suggest that the body of politicians appointed by a dictatorship contribute to the persistence of elites and institutions.

2.2 Critical juncture: the 1988 plebiscite

The importance of the "1988 plebiscite" in Chilean history led us to a deeper examination the voting patterns that led to the country's transition. The following two papers complement each other, as one argues that state-led repression increased opposition to the dictatorship and the other documents the importance of television in disseminating information about the actions of the dictatorship throughout the country. The plebiscite asked voters to decide whether Pinochet should continue in power. This was a high-stakes election and the first free one to take place in the country since 1973: 55% voted "No," bolstering the democratic transition.

In "The geography of repression and opposition to autocracy" (with María Angélica Bautista, Luis Martínez, Pablo Muñoz, and Mounu Prem; *American Journal of Political Science* 2021), we study the political consequences of state-led repression. State repression is a prominent feature of non-democracies, but its effectiveness in quieting dissent and fostering regime survival remains unclear. We exploit the location of military bases before the coup that brought Augusto Pinochet to power in Chile in 1973, which is uncorrelated to pre-coup electoral outcomes, and show that counties near these bases experienced more killings and forced disappearances at the hands of the government during the dictatorship. Our main result is that residents of counties close to military bases both registered to vote and voted "No" to Pinochet's continuation in power at higher rates in the crucial 1988 plebiscite that bolstered the democratic transition. Potential mechanisms include informational frictions on the intensity of repression in counties far from bases and shifts in preferences caused by increased proximity to the events. Election outcomes after democratization show no lasting change in political preferences.

In "Can television bring down a dictator? Evidence from Chile's NO campaign" (with Mounu Prem, *Journal of Comparative Economics* 2018), we explore the role of televised political campaigns in the critical 1988 plebiscite that bolstered Chile's transition to democracy. The opposition used television campaigns weeks before the election that ended the seventeen-year dictatorship known as the Pinochet regime. Using national surveys conducted before the

election and administrative electoral data, we provide evidence of a positive effect of television exposure on opposition votes. When compared to similar estimates in democracies, the effect of campaigns in Chile appear large. These results suggest that televised political campaigns can help to defeat dictators at the polls.

2.3 Long-run consequences of policies implemented in dictatorship

In another set of studies we examine the long-run consequences of policies implemented in dictatorship. The following papers focus on the intervention of the higher education system.

In "Dictatorship, higher education, and social mobility" (with María Angélica Bautista, Luis Martínez, Pablo Muñoz, and Mounu Prem; working paper) we quantify the consequences of a large contraction in higher education. In particular, we study the relationship between political regimes and higher education and its implications for social mobility and political opposition in the context of the 1973 coup that brought Augusto Pinochet to power in Chile. We show that the Pinochet dictatorship's aims of political control and fiscal conservatism caused a large contraction of all universities in the country, mostly through a steady reduction in the number of openings for new students. Individuals that reached college age shortly after the coup experienced a sharp decline in college enrollment, had worse labor market outcomes throughout the life cycle and struggled to climb up the socioeconomic ladder. These individuals registered to vote at higher rates for the 1988 plebiscite that triggered the democratic transition and we provide suggestive evidence that they increasingly voted against Pinochet. After democratization, children with a parent in the affected cohorts are also less likely to enroll in university.

In "Does higher education reduce mortality? Evidence from a natural experiment" (with María Angélica Bautista, Luis Martínez, Pablo Muñoz, and Mounu Prem; working paper), we provide new evidence on the causal effect of education on health. Our empirical strategy exploits the reduction in access to college experienced by individuals reaching college age shortly after the 1973 military coup in Chile, which led to a sharp downward kink in enrollment for the affected cohorts. Using data from the vital statistics for the period 1994-2017, we document an upward kink in the age-adjusted yearly mortality rate for these cohorts, a pattern that we also observe in matched individual-level records for hospitalized patients. Leveraging the downward kink in college enrollment, we estimate a negative effect of college on mortality, which is larger for men, but also sizable for women. Affected individuals have worse labor market outcomes, lower income, and are more likely to be enrolled in the public health system. They also report

lower consumption of health services, which suggests that economic disadvantage and limited access to care plausibly contribute to the effect of education on health.

3 Public policies

Finally, my interest in the link between political economy and public policies has led me to develop two empirical evaluations of important policies in Chile. The first evaluation relates to a long-standing question in political economy related to the effectiveness of public-private competition in local markets. The second evaluation is a byproduct of my analysis of the Chilean educational system when I was studying the 2011 student movement.

In "The economics of the public option: Evidence from local pharmaceutical markets" (with Juan Pablo Atal, José Ignacio Cuesta, and Cristóbal Otero; working paper) we study the effects of competition by state-owned firms leveraging the decentralized entry of public pharmacies to local pharmaceutical markets in Chile. Public pharmacies sell drugs at a third of private pharmacy prices but are also of lower quality. We show that public pharmacies induced market segmentation and created winners and losers. Consumers who switched to public pharmacies benefited, whereas consumers who stayed with private pharmacies were harmed. The country-wide entry of public pharmacies would reduce yearly consumer drug expenditure by 1.6 percent, which outweighs the costs of the policy by 52 percent.

In "Distorted quality signals in school markets" (with José Ignacio Cuesta and Cristián Larroulet, *Journal of Development Economics* 2020), we quantify the costs of standardized tests in Chile's educational system. Information plays a key role in markets with consumer choice. In education, data on schools is often gathered through standardized testing. However, the use of these tests has been controversial because of distortions in the metric itself. We study the Chilean educational market and document that low-performing students are underrepresented in test days, generating distortions in school quality information. These distorted quality signals affect parents' school choice and induce misallocation of public programs. These results provide novel evidence for the costs that distortions in quality signals generated by standardized tests in accountability systems impose on educational markets.