

# JUSTIN KATZ

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# HARVARD UNIVERSITY

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## Education

### Harvard University

Ph.D. Business Economics, 2020 to 2026 (expected)

M.A. Economics, 2022

### Yale College

B.A. Economics and Mathematics (with distinction), *summa cum laude*, 2018

## Fields

Financial Economics  
Industrial Organization  
Spatial Economics

## References

John Y. Campbell  
Professor of Economics  
Harvard University  
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David I. Laibson  
Professor of Economics  
Harvard University  
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Adi Sunderam  
Professor of Business Administration  
Harvard Business School  
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Edward L. Glaeser  
Professor of Economics  
Harvard University  
[eglaser@harvard.edu](mailto:eglaser@harvard.edu)

## Fellowships & Awards

Brattle Group Ph.D. Candidate Award for Outstanding Research, 2025  
NBER Pre-Doctoral Fellowship in Consumer Financial Management, 2024  
John R. Meyer Dissertation Fellowship, Harvard Joint Center for Housing Studies, 2024  
Best Third-Year Paper Award, Harvard Department of Economics, 2023  
Best Undergraduate Paper Award (finalist), International Atlantic Economic Society, 2019  
Phi Beta Kappa, Yale College, 2018  
Tobin Scholar Award for Economic Theory, Yale Department of Economics, 2017

## Teaching

Microeconomic Theory – Price theory (1<sup>st</sup> year Ph.D.), Harvard, teaching fellow for Prof. Edward Glaeser, 2022

## Research & Other Employment

Graduate Research Fellow, Boston Fed, 2024-2026  
Research Fellow, Harvard Kennedy School Reimagining the Economy Project, 2023-2026  
Research Intern, Microsoft Research, 2022  
Research Assistant, Harvard University, Prof. Myrto Kalouptsidi, 2021  
Research Assistant, NBER, Profs. John Beshears, James Choi, David Laibson, and Brigitte Madrian  
Summer Business Analyst, McKinsey & Company, 2017

## **Job Market Paper**

### **Mortgage Rate Lock and House Prices (with Robert Minton)**

When interest rates rise, fixed-rate mortgages generate a financial incentive for owners to keep their home, creating “rate lock”. Does rate lock dampen the negative impact of rising interest rates on house prices? To estimate rate lock’s causal effect on market-level house prices, we instrument for the stock of outstanding mortgages using unexpected family size shocks that induce moves at times with different mortgage rates. We find that when interest rates increased over 2021-23, a 0.3pp lower average outstanding mortgage rate caused 2.6pp higher nominal house price growth. To understand the mechanism, we compare moves of owners who purchase homes just before and just after sharp mortgage rate increases. A 1pp lower outstanding mortgage rate reduces moves from owning to renting by 33%, a force increasing the price-to-rent ratio, and reduces overall moves by 40%. Using these estimated effects on mobility, we calibrate a dynamic structural model to quantify how much rate lock offsets the negative aggregate price effects of a higher cost of capital. Model simulations indicate that 2021-23 tightening would have reduced price-to-rent ratio by 9.1% with adjustable-rate mortgages, and hence no rate lock, versus only 3.5% with fixed-rate mortgages. Rate lock thus dampens, but does not fully offset, negative price effects of higher interest rates.

## **Working Papers**

### **Saving and Consumption Responses to Student Loan Forbearance**

To study the impacts of debt relief versus cash transfers, I use administrative transactions data to compare saving and consumption responses to student loan forbearance and stimulus checks in the 2020 CARES Act. Borrowers non-optimally use much of the liquidity received from forbearance to voluntarily prepay 0%-interest student debt instead of high-interest obligations, despite prioritizing high-interest debts when receiving stimulus checks. Consistent with this flypaper effect, the marginal propensity to spend (MPX) out of forbearance liquidity is less than half that of stimulus checks. A calibration exercise estimates that the flypaper effect makes forbearance less effective and more costly as a countercyclical fiscal tool.

**Buy Now, Pay Later Credit: User Characteristics and Effects on Spending Patterns** (with Marco Di Maggio and Emily Williams)  
*Revise and Resubmit, Journal of Finance*

This paper uses transaction-level data to study the emerging US market for “buy now, pay later” (BNPL) installment loans. We document the characteristics associated with consumer adoption and dynamic usage patterns and exploit staggered roll-out across retailers to estimate impacts on consumer spending. Across all users, BNPL access increases spending on retail goods, indicating static substitution towards retail consumption. For users likely facing liquidity constraints, BNPL leads to (i) increased total spending; (ii) more overdraft fees; (iii) lower liquid account balances, but also (iv) greater expenditure smoothing. These intertemporal and static substitution effects are too large to be explained using a lifecycle model with liquidity constraints calibrated with reasonable parameters. Our findings are more consistent with a “liquidity flypaper effect,” where additional retail liquidity from BNPL “sticks where it hits” and increases short-term spending.

### **Media Market Power: Theory and Application to Facebook-Instagram (with Hunt Allcott)**

We present a new model of competition and mergers between two-sided media platforms with targeted advertising. The model includes familiar forces describing how platforms set ad load given user-side and advertiser-side substitution patterns but adds new insights around how user overlap and preference heterogeneity determine how competing platforms set ad load. We apply the model to evaluate the proposed separation of Facebook and Instagram. Using new data and new analyses of earlier randomized experiments with Facebook and Instagram users, we provide model-free evidence on user overlap, diversion ratios, price elasticity, and other parameters, and then estimate a structural model of this two-sided market. Counter-factual simulations suggest that separating Facebook and Instagram would transfer significant surplus from platforms to

advertisers, impose a small welfare cost on users, and decrease total welfare by a small amount. The total welfare gain would be much larger if separated platforms could avoid inefficient ad duplication across multi-homing users.

### **Competition and Speculation in Cryptocurrencies** (with Alex A. Wu)

We examine how mutual fund managers' performance incentives generated speculative demand during the 2020-2022 cryptocurrency boom and bust. Managers with strong relative performance incentives began investing in crypto after their competitors began investing in it, consistent with a model of competitive performance hedging. In contrast, managers with personal wealth invested in the funds they manage, who had strong direct performance incentives, responded much less to their competitors' investment decisions. Our findings suggest that relative performance incentives can encourage managers to mimic their competitors instead of trading on their beliefs, which can magnify the scope of speculative demand.

### **The Supply Side of Consumer Debt Repayment** (with Dominic Russel and Claire Shi)

Minimum payments on credit card debt allow consumers to repay slowly: despite being unsecured, the average \$7,000 balance generally amortizes in over 20 years. We study how lenders choose these minimum payments and the impacts of these choices on equilibrium consumer debt outcomes. When short-term illiquidity makes many borrowers unable to make higher payments, lenders set low minimums to limit default costs. Alternatively, if many borrowers make near-minimum payments for reasons besides illiquidity (e.g., due to anchoring), lenders set low minimums to generate interest revenue. To separate these two forces, we use payment-level data from a credit bureau to document a new fact about intra-temporal debt repayment. Consumers often revolve high-interest credit card debt while making excess payments on low-interest installment debt, providing evidence that low payments aren't solely liquidity-driven. We use this fact to estimate an empirical model that predicts realistically low lender minimums. The model suggests that without anchoring, minimums would be over twice as high for most borrowers. Lenders amplify consumer biases, accounting for 20% of the total increase in credit card debt and 85% of defaults from anchoring in our model.

### **Papers in Progress**

The Effect of Land Supply for New Homes on Residential Investment and House Prices (with Paul Willen) – in preparation for NBER/CRIW Conference Volume on Measurement of Housing and the Housing Sector

Multi-Dimensional Consumer Credit Contracts: Fees and Rewards in Credit Card Borrowing (with Robert Minton and Jennifer Walsh)

Reference-Dependent Intertemporal Pricing in the Pharmaceutical Industry (with Samuel Hanson, Adi Sunderam, and Alex Wu)

Credit Supply, Bank Concentration, and Local Labor Markets (with Leonardo D'Amico and Gordon Hanson)

### **Publications**

**Place-Based Manufacturing Subsidies and the Spatial Distribution of Production.** *Atlantic Economic Journal* 47, 521-52, 2019.

State governments use production subsidies to attract companies and facilitate economic development. Such programs benefit state residents by increasing local labor demand but may also encourage firms to pursue suboptimal production strategies. To assess the net welfare impact of these competing effects, I develop a general equilibrium framework with multiregional production, rich firm heterogeneity, and production subsidies that vary across states and between firms. Eliminating subsidies would increase total US welfare by 1.1%, despite costs to peripheral states in the Deep South and Northwest.

<b>Older Work</b>	<p><b>The Evolution of Late-Life Income and Assets: Measurement in IRS Tax Data and Three Household Surveys</b> (with James Choi, Lucas Goodman, David Laibson, and Shanthi Ramnath), <i>NBER RDRC Center Paper NB20-04</i>, 2020.</p> <p>Using a 5% random sample of administrative IRS tax records covering households born from 1933 to 1952, we evaluate how three widely-used household surveys—the Health and Retirement Study, the Survey of Income and Program Participation, and the Current Population Survey—capture the level of and trends in late-life income and assets. First, survey data underestimate total income levels and overestimate income drops at the median during the initial transition into retirement. Second, survey sources overestimate income growth across birth cohorts at older ages. Third, in both tax and survey data, lower-income households have not experienced income growth across birth cohorts outside the Social Security system.</p>
<b>Other Writing</b>	<p><b>President Biden’s Industrial Policy</b> (with Robin Greenwood, Richard Ruback, and Robert Ianti). <i>Harvard Business School Case 224-050</i></p>
<b>Seminars &amp; Conferences</b>	<p>2025. Georgetown / Yale DMA Conference, UK Communications Services Regulator, Western Finance Association, NBER Conference on Measurement of Housing and the Housing Sector, Federal Reserve Board of Governors (scheduled), Binghamton University (scheduled).</p> <p>2024. Consumer Financial Protection Bureau, NBER Digital Economics and AI*, NBER Industrial Organization.*</p> <p>2023. Western Finance Association, International Institute of Public Finance Annual Congress, Berkeley / Stanford IOFest*, Paris Dauphine University*, Frontiers in Finance*</p> <p>2022. Office of the Comptroller of the Currency, Consumer Financial Protection Bureau*, Federal Deposit Insurance Corporation*, NBER Innovative Data in Household Finance*</p> <p>2019. International Atlantic Economic Society.</p> <p style="text-align: right;">* by coauthor</p>
<b>Research Grants</b>	Molly and Domenic Ferrante Economics Research Fund, 2023, 2024
<b>Academic Service</b>	Referee: <i>Quarterly Journal of Economics</i> , <i>Journal of Urban Economics</i>
<b>Languages</b>	English, Spanish (proficient)
<b>Software Skills</b>	Stata, R, MATLAB, Julia
<b>Other Information</b>	US citizen.