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HARVARD UNIVERSITY

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Placement Director: Claudia Goldin cgoldin@harvard.edu 617-495-3934
Placement Director: Lawrence F. Katz lkatz@harvard.edu 617-495-5079
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Education

Harvard University
Ph.D. Business Economics, 2019 to 2024 (expected)
M.A. Economics, 2021
Stanford University
B.A. with Honors and Distinction, Economics, 2016

Fields

Macroeconomics
Finance

References

Gabriel Chodorow-Reich
Littauer Center, 1805 Cambridge St,
Cambridge, MA 02138
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Andrei Shleifer
Littauer Center, 1805 Cambridge St,
Cambridge, MA 02138
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Ludwig Straub
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David Baqaee
Bunche Hall, 315 Portola Plaza,
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Fellowships & Awards

Harvard Bok Center Certificate of Distinction in Teaching, 2021
John M. Olin Fellowship in Empirical Law and Finance, 2021
J. E. Wallace Sterling Award (Top 25 graduates in the School of Humanities and Sciences), 2016
Firestone Medal for Excellence in Undergraduate Research, 2016
Phi Beta Kappa (junior elect), 2015

Teaching

The Political Economy of Globalization, teaching fellow for Larry Summers and Robert Lawrence, Harvard University, 2021
Problem Solving and Decision-Making for Social Change, teaching fellow for Paul Brest, Stanford Law School, 2015

Employment

Bolt, Operations, 2018–2019
The Boston Consulting Group, Associate, 2017–2018
White House Council of Economic Advisers, Research Intern, 2016
Google, Associate Product Management (APM) Intern, 2016

Job Market Paper

Markups Across the Income Distribution: Measurement and Implications
Media: Marginal Revolution
Presentations: NBER Summer Institute 2022 (Macro Perspectives), Society for Economic Dynamics 2023, Bristol Macro Workshop 2023

I examine the relationship between customer income and firm markups using rich data on household transactions and wholesale costs. Over the observed purchases, high-income households pay 15pp higher retail markups than low-income households. Half of the markup gap is due to differences in markups paid at the same store. Conditional on income, markups paid by a household also increase when a household shops in high-income areas, shops at retail chains with

locations in other high-income areas, or purchases products with a high-income customer base. A model in which household search intensity depends on opportunity cost of time can account for these facts. Consistent with the model's predictions, I document that retail markups across cities rise with both per-capita income and inequality. Through the lens of the model, changes in the income distribution since 1950 account for a 10–14pp rise in retail markups, with 25 percent of the increase due to growing income dispersion. This rise in markups consists of within-firm markup increases as well as a reallocation of sales to high-markup firms, which occurs without any change to the nature of firm production or competition.

Publications

The Supply-Side Effects of Monetary Policy
with David Rezza Baqaee and Emmanuel Farhi
Journal of Political Economy, forthcoming

We propose a supply-side channel for the transmission of monetary policy. We show that in an economy with heterogeneous firms and endogenous markups, demand shocks have first-order effects on aggregate productivity. If high-markup firms have lower pass-throughs than low-markup firms, as is consistent with the empirical evidence, then a monetary easing reallocates resources to high-markup firms and alleviates misallocation. In this case, positive "demand shocks" are accompanied by endogenous positive "supply shocks" that raise output and productivity, lower inflation, and flatten the Phillips curve. We derive a tractable four-equation dynamic model and use it to show that monetary shocks generate a procyclical hump-shaped response in TFP and endogenous cost-push shocks in the New Keynesian Phillips curve. A calibration of the model suggests that the supply-side effect increases the half-life of a monetary shock's effect on output by about 30% and amplifies the cumulative effect on output by about 70%. We provide empirical evidence of the micro-level reallocations that generate procyclical TFP using identified monetary shocks.

The Darwinian Returns to Scale
with David Rezza Baqaee and Emmanuel Farhi
The Review of Economic Studies, forthcoming

How does an increase in market size, say due to globalization, affect welfare? We study this question using a model with monopolistic competition, heterogeneous markups, and fixed costs. We characterize the change in welfare in the decentralized equilibrium and decompose it into changes in technical efficiency and allocative efficiency. Allocative efficiency changes due to three different types of reallocations: (1) reallocations across firms with heterogeneous price elasticities due to increased entry, (2) reallocations due to the exit of marginally profitable firms, and (3) reallocations due to changes in firms' markups. Whereas the second and third effects have ambiguous implications for welfare, the first effect, which we call the Darwinian effect, always increases welfare regardless of the shape of demand curves. We non-parametrically calibrate residual demand curves with firm-level data from Belgian manufacturing firms and quantify our theoretical results. We find that mild increasing returns at the micro level can catalyze large increasing returns at the macro level. These aggregate gains are due to the Darwinian effect, which reallocates resources from low- to high-markup firms, and not the death of unproductive firms (2) or changes in markups (3). Our results suggest that a policymaker can harness Darwinian reallocations in an economy with fixed resources by subsidizing firm entry costs.

Working Papers

The Market Impact of Fed Communications: The Role of the Press Conference
with Namrata Narain
Media: Wall Street Journal, Financial Times, Bloomberg, Brookings, Marketwatch, Investopedia, Semafor

We document a shift in the market impact of the press conference given by the Federal Reserve Chair at the close of FOMC meetings. Using intraday trading data, we find that market volatility is more than three times higher during press conferences given by current Chair Jerome Powell than during press conferences by predecessors Janet Yellen and Ben Bernanke. Press conferences since the start of Covid-19 are largely responsible for the heightened market volatility during Chair

Powell's conferences. During this period, we find that the market tends to move in the opposite direction during the press conference compared with its movement following the FOMC statement release. In contrast, press conferences by Chairs Bernanke and Yellen tended to reinforce the market's initial reaction to the FOMC statement. Text analysis of the Q&A portions of Chair Powell's press conferences suggests that his choice of language correlates with these market movements. We find that Fed communications during the recent period have been less effective in reducing forward-looking interest rate uncertainty.

Pass-Through in Levels and the Unequal Incidence of Commodity Shocks

Empirical studies of commodity cost pass-through typically find that pass-through is incomplete: even at long horizons, a 10 percent increase in costs causes retail prices to rise less than 10 percent. Using microdata from gasoline and food products, I find that incomplete pass-through in percentages often disguises *complete pass-through in levels*: a $1/unit increase in commodity costs leads to $1/unit higher retail prices. Pass-through appears incomplete in percentages due to an additive margin between marginal costs and prices. A model in which firms seek to bound the risk of variable profits falling short of overhead costs can account for this pricing behavior. In contrast to the workhorse model, this model also predicts dynamics of industry gross margins and entry consistent with the data. An implication of complete pass-through in levels is that rising commodity costs lead to higher inflation rates for low-margin products in a category, though absolute price changes are similar across products. This generates cyclical inflation inequality. I find that food-at-home inflation for the lowest income quintile is 10 percent more sensitive to upstream commodity costs. From 2020–2023, unequal commodity cost pass-through is responsible for two-thirds of the gap in food-at-home inflation rates experienced by low- and high-income households.

Papers in Progress

Misallocation and Resilience in Inefficient Economies
with David Rezza Baqaee

We characterize the nonlinear response of output to wedge shocks in economies with preexisting distortions. In the presence of initial distortions, the effects of these shocks on output are described by "Harberger trapezoids," which generalize Harberger (1954) triangles away from the efficient point. Output is concave with respect to wedge shocks in efficient economies and in economies with elasticities of substitution below one but can be convex in shocks if elasticities of substitution are greater than one and existing distortions are sufficiently large. Our results allow us to characterize when a social planner prefers tax-based interventions to quota-based interventions when regulating an externality, when a positive steady-state rate of inflation may be welfare-optimal, and when the type of manufactured price dispersion debated by Oi and Samuelson can improve welfare. We apply our results to characterizing the effects of liberalization policies in developing economies.

A Quantifiable Model of International Tax Haven Usage and Multinational Taxation
with Antonio Coppola, Christopher Clayton, and Andreas Schaab

What distortions are caused by the current corporate income tax regime, and what are the key tradeoffs vis-à-vis alternative systems such as global minimum tax mandates or apportionment approaches? We introduce a theory of international tax haven usage and multinational taxation that is amenable to quantification and welfare analysis via a sufficient statistics approach. We consider several tax regimes both in the presence and absence of multilateral cooperation. We estimate the elasticities and empirical moments required to quantify the model and provide an assessment of proposed reforms to the global tax system. Our analysis encompasses the interaction of the corporate tax regime with the individual income tax and with corporate securities issuance in tax havens.

Conferences

Society of Economic Dynamics (SED), 2023
Bristol Macroeconomics Workshop, University of Bristol, 2023

NBER Summer Institute, Macro Perspectives / Micro Data and Macro Models, 2022
Marvin S. Goodfriend Conference, Richmond Federal Reserve, 2022
Labor, Firms, and Macro Workshop, University of Pennsylvania, 2022
Workshop on Firm Dynamics, Market Structures, and Productivity, University of Kent, 2021

Academic Service President, Graduate Economics Association (GEA), 2020–2021
Refereeing: Quarterly Journal of Economics, International Journal of Central Banking, Journal of Economic Dynamics and Control, B.E. Journal of Macroeconomics

Software skills Python, R, JavaScript, Stata, Java, C.

Hobbies Teach Bollywood Cardio Fitness Class at Harvard Business School Gym, 2019–Present
Tennis, biking, hiking.