Lorenzo Lagos

Curriculum Vitae updated November 2019

Contact Information	Department of Economics Columbia University 420 West 118th Street New York, NY 10027	Phone: (267) 253-0386 Email: lorenzo.lagos@columbia.edu Website: econ.columbia.edu/e/lorenzo-lagos Citizenships: Mexico and USA

Placement

Chairs: Donald Davis drd28@columbia.edu and Martín Uribe mu2166@columbia.edu
Assistant: Amy Devine aed2152@columbia.edu, (212) 856-6881

Education

Ph.D. in Economics, Columbia University (expected)	2020
M.Phil. in Economics, Columbia University	2017
M.A. in Economics, Columbia University	2016
B.A. in Philosophy, Politics, and Economics (PPE), University of Pennsylvania; *summa cum laude*	2011

Honors and Awards

Dissertation Fellowship, Columbia University	2019-2020
CORE-Teagle Fellow, CORE USA	2018-2019
CDEP Student Research Grant, Center for Development Economics and Policy	2018, 2017
Wueller Pre-Dissertation Award (runner-up), Columbia University	2017-2018
Lead Teaching Fellow in Economics, Columbia Center for Teaching and Learning	2017-2018
Wueller Teaching Award, Columbia University	2016-2017
Dean's Fellow, Columbia University	2014-2019
Ford Foundation Predoctoral Fellow, National Academy of Sciences	2014-2018
Provost Diversity Fellow, Columbia University	2014-2015
Goldstone Prize for Best Senior Honors Thesis, University of Pennsylvania	2010-2011
Phi Beta Kappa	2010-2011

Fields

Labor Economics, Development Economics, and Public Economics

Job Market Paper

Labor Market Institutions and the Composition of Firm Compensation: Evidence from Brazilian Collective Bargaining [Full draft coming soon]

Abstract: This paper studies how a widespread labor market institution—collective bargaining agreements (CBAs) negotiated between unions and employers—affects firm compensation. I leverage a legal reform that automatically extended all existing CBAs in Brazil, and thus restricted employers' ability to phase out negotiated benefits upon expiration, to analyze the impact of shocking the collective bargaining process on both wages and amenities. To do so, I combine linked employer-employee data with text analysis for the universe of CBAs. Causal effects are estimated using a matched difference-in-difference design comparing establishments with extended CBAs to workplaces not negotiating with unions at the firm level. Although automatic extensions are considered pro-union, I find that the reform lowers mean wages and firm pay premiums at affected establishments. However, due to preexisting wage rigidity, the reform effectively extended amenities only, thereby increasing unions' incentive to secure gains in amenities relative to wages. To compare wages and amenities, I construct a revealed preference measure of workers' value for amenities based on the predictive power that text in a CBA has on an establishment's ability to poach workers from other employers, conditional on wages. Consistent with the predictions of a model in which unions trade-off bargaining over wages and amenities, I show that strong unions secure additional amenities valued above the foregone wage gains, resulting in higher overall compensation equivalent to a 1.4-3.8% wage increase. Finally, the changes in firm compensation arising from the reform leads to an increase in hiring concentrated among low-skill workers, suggesting that unions compress compensation inequality within firms. The elasticity of labor supply to the firm implied by my estimates is between 1.03 and 3.75.

Working Papers

Assortative Matching or Exclusionary Hiring? The Impact of Firm Policies on Racial Wage Differences in Brazil (joint with François Gerard, Edson Severnini, and David Card)
NBER Working Paper # 25176; *R&R, American Economic Review*
Abstract: A growing body of research shows that firms' employment and wage-setting policies contribute to wage inequality and pay disparities between groups. We measure the effects of these policies on racial pay differences in Brazil. We find that nonwhites are less likely to work at establishments that pay more to all race groups, a pattern that explains about 20% of the white-nonwhite wage gap for both genders. The pay premiums offered by different employers are also compressed for nonwhites relative to whites, contributing another 5% of the overall gap. We then ask how much of the under-representation of nonwhites at higher-paying workplaces is due to the selective skill mix at these establishments. Using a counterfactual based on the observed skill distribution at each establishment and the nonwhite shares in different skill groups in the local labor market, we conclude that assortative matching accounts for about two- thirds of the under-representation gap for both men and women. The remainder reflects an unexplained preference for white workers at higher-paying establishments. The wage losses associated with unexplained sorting and differential wage setting are largest for nonwhites with the highest levels of general skills, suggesting that the allocative costs of race-based preferences may be relatively large in Brazil.

Violence and Credit Use: Evidence from MSEs in Mexico's Drug War [Draft approved by *Comisión Nacional Bancaria y de Valores* (CNBV)]
Abstract: This project studies how micro and small enterprises (MSEs) use credit when facing violence. Leveraging administrative data on working capital credit lines issued to MSEs in Mexico, I exploit geographic variation in homicide rates as well as exogenous kingpin captures to identify the causal effects of violence on credit use. I find that firms significantly increase the amounts drawn from their credit lines after experiencing violence shocks. This result could be motivated by rising short-term liquidity needs (*distress story*) or increasing risk of holding cash (*substitution story*). Rising default probabilities indicate signs of distress, although heterogeneity analyses reveal cash for credit substitution among non-revolving borrowers. I also find evidence that rising liquidity needs among distressed MSEs are likely driven by decreased economic activity rather than theft or extortion. As such, this paper highlights the important role that financial products play in terms of helping MSEs absorb violence shocks as well as providing convenient alternatives to cash holdings under insecure environments.

Work in Progress

Labor Market Effects of Employer-Provided Health Insurance in Brazil (joint with Sergio Firpo and Carolina Ribeiro)

The Minimum Wage and Racial Wage Differentials in Brazil (joint with Ellora Derenoncourt, François Gerard, and Claire Montialoux)

Workers on Probation: Evidence from Job Security Legislation in Brazil

Research and Work Experience

Research Assistant for François Gerard, Columbia University	2015-2016
Research Assistant for Supreet Kaur and Massimo Morelli, Columbia University	2013-2014
Intern for Shannon K. O'Neil, Council on Foreign Relations (CFR)	2013
Analyst, First Manhattan Consulting Group (FMCG)	2011-2012
Intern, Mexican Federal Competion Commission (Cofece)	2010

Teaching Experience

Instructor

Labor Economics (Undergraduate)	Summer 2018

Teaching Assistant

Econometrics I (Masters) with Steven Olley *[Wueller Teaching Award]*	Fall 2016
Public Economics (Undergraduate) with François Gerard	Spring 2017
Economics of Race (Undergraduate) with Brendan O'Flaherty	Fall 2019
Principles of Economics (Undergraduate) with Sunil Gulati	Spring 2019

Other Activities

Referee service: *Journal of the European Economic Association*
Community service: Tutor at South Bronx United (2015) and West Philly Tutoring Project (2010)
Leadership: President of Mexican Student Association at the University of Pennsylvania, Head of Organizing Committee for *Convergencias* Conference (2009-2011)

References

Prof. Suresh Naidu (Sponsor)
Department of Economics and SIPA
Columbia University
(212) 854-0027
sn2430@columbia.edu

Prof. François Gerard
School of Economics and Finance
Queen Mary University in London
+44 20 7882-6816
f.gerard@qmul.ac.uk

Prof. W. Bentley MacLeod
Department of Economics and SIPA
Columbia University
(310) 571-5083
bentley.macleod@columbia.edu

Prof. Eric Verhoogen
Department of Economics and SIPA
Columbia University
(212) 854-4428
eric.verhoogen@columbia.edu