Juan Herreño

Contact Information

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Education

Ph.D. in Economics, Columbia University	2020 (expected)
M.Phil. in Economics, Columbia University	2019
M.A. in Economics, Universidad de los Andes	2012
B.A. in Economics, Universidad de los Andes	2010
B.S. in Industrial Engineering, Universidad de los Andes	2009

Current Projects

The Macroeconomics of the Bank Lending Channel — 2019

I provide a model to understand the macroeconomic relevance of the bank lending channel. The key mechanism is imperfect competition in the loan market for firms and the deposit market. I structurally estimate the macro relevance of the bank lending channel by aggregating a wide range of estimates of firm and regional responses to bank funding shocks found in the microdata. Banks are large and lending markets are concentrated. Imperfections in the funding market for banks ensure that an idiosyncratic funding shock to a particular bank creates dispersion both in the deposit and loan rates that banks offer to their clients. In the model as in the data firms do not fully substitute from banks that suffer funding shocks and offer worse loan terms. However, more exposed firms and regions suffer relative output losses. Idiosyncratic bank shocks affect aggregate output. Aggregate and cross-sectional effects differ due to general equilibrium effects. I provide counterfactuals showing by how much increased competition and geographic segmentation in the banking sector changes the macroeconomic consequences of an idiosyncratic bank funding shock.

The Slope of the Phillips Curve: Evidence from U.S. States — 2019
with Jonathon Hazell, Emi Nakamura, and Jón Steinsson

Subsistence Entrepreneurship and Aggregate Productivity — 2019
with Sergio Ocampo

We document three facts about self-employment in developing economies. First, self-employment is prevalent in the left tail of the income distribution. Second, transitions in-and-out of self-employment are common, with liquidity-constrained agents transitioning more to self-employment. Finally, when salaried work opportunities emerge, self-employment rates go down. Models that predict positive selection into self-employment are at odds with these facts. We augment a workhorse macro-development model with a mechanism supported by the data, generated by interacting unemployment risk and credit frictions. Low wealth, unemployed agents choose self-employment to earn subsistence income, regardless of their entrepreneurial ability. Low job-finding rates from self-employment make subsistence entrepreneurs stay self-employed. As a result, large shares of the labor force own low-productive businesses. Improving the generosity of safety nets in the model increases welfare by 2%. Also, self-employment goes down, salaried work goes up, the unemployment rate rises.

Search and Price Posting: Evidence from the Physical Capital Market — 2019
with Andrés Drenik and Pablo Ottonello

This paper studies the physical-capital market with an approach similar to that developed in the labor-market for the question: Why are similar workers paid differently? (Mortensen, 2005). Using a unique dataset on a panel of capital structures posted for sale or rent, we document a large degree of heterogeneity in prices of capital units to be traded. We show that a quarter of price differences cannot be explained by observable characteristics included in the listings: location, size, and age of the unit. We provide empirical evidence and a model of frictional trading in the physical-capital market suggesting this residual price dispersion can be explained by the presence of asymmetric information and search frictions. Mapping our model to the data, we quantify a large degree of asymmetric information and discuss policies aimed at improving market efficiency.

Overborrowing and Information — 2019
with Carlos Rondón-Moreno

We relax the perfect information assumption in a small open economy with collateral constraints. Agents observe income growth but do not perceive whether the underlying shocks are permanent or transitory. The likelihood and severity of financial crises are increased by the interaction between the information friction and a pecuniary externality that emerges when agents use as collateral an asset valued at market prices. Due to a more significant welfare loss, the optimal tax to restore constrained efficiency is six times larger than under perfect information.

The Price Pass-Through of Local Shocks and the Effectiveness of Fiscal Devaluations — 2018
with Mathieu Pedemonte

Awards, Grants and Honors

- Doctoral Student Grant, Clausen Center, (with Mathieu Pedemonte) — 2018
- Wueller Pre-Dissertation Award, Department of Economics, Columbia University — 2017
- Dean's Fellowship, Columbia University — 2014
- Juan Luis Londoño Award for Best Master thesis, Universidad de Los Andes — 2012

Academic Experience

- Research Assistant for Emi Nakamura and Jón Steinsson — Jul 2015 - Present
- Research Assistant for Stephanie Schmitt-Grohé and Martin Uribe — Summer 2015

Teaching Experience

Macroeconomic Analysis II, PhD 1st year class, Columbia University — Spring 2018
for Hassan Afrouzi, Emi Nakamura, and Jón Steinsson

Intermediate Macroeconomics, Undergraduate, Columbia University — Fall 2018
for Irasema Alonso

Principles of Economics, Undergraduate, Columbia University — Fall 2015
for Nicola Zaniboni

Advanced Macroeconomics II, Master and PhD, Universidad de los Andes — Fall 2011
for Andrés Fernández and Marc Hofstetter

Conference Presentations

Becker Friedman Institute - MFM (2018), LACEA - LAMES (2016), Canadian Economic Association (2013), Central Bank of Colombia (2012)

Professional Experience

- Inter-American Development Bank, Research Department, Research Assistant — 2012-2014
- Lumni, Inc., Research Department, Research Analyst — 2010-2012

Other Information

Software Knowledge: Matlab, Stata, SAS, R, Python
Professional Service: Monetary Colloquium Organizer, Young Economist Symposium organizing committee member
Languages: Spanish (Native), English (Fluent)
Colombian citizen

ACADEMIC REFERENCES

Emi Nakamura
Chancellor's Professor of Economics
Department of Economics
UC Berkeley

Jón Steinsson
Chancellor's Professor of Economics
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Jennifer La'O
Assistant Professor of Economics
Department of Economics
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Hassan Afrouzi
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