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DOCTORAL STUDIES Massachusetts Institute of Technology (MIT)
PhD, Economics, Expected completion June 2020
DISSERTATION: “Bank Competition and Credit Policy”

DISSERTATION COMMITTEE AND REFERENCES

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PRIOR EDUCATION Pontifical Catholic University of Rio de Janeiro (PUC-Rio) 2014
MSc in Economics

Insper Institute 2011
BSc in Economics

CITIZENSHIP Brazilian **GENDER:** Male

LANGUAGES Portuguese (Native), English (Fluent)

FIELDS Primary Field: Macroeconomics
Secondary Field: Banking

TEACHING EXPERIENCE	14.451 Dynamic Optimization Methods (Graduate, MIT) 2016-19 Teaching Assistant to Alp Simsek, Fall 14.54 International Trade (Undergraduate, MIT) 2018-19 Teaching Assistant to Arnaud Costinot, Fall 14.02 Principles of Macroeconomics (Undergraduate, MIT) 2018 Teaching Assistant to James Poterba, Spring 14.581 International Trade (Graduate, MIT) 2016 Teaching Assistant to Arnaud Costinot and David Atkin, Fall Organizational Economics (MBA, Insper) 2014 Teaching Assistant to João Manoel Pinho de Mello Math Camp (Graduate, PUC-Rio) 2014 Teaching Assistant to Alex Castro, Summer Microeconomics II (Graduate, PUC-Rio) 2013 Teaching Assistant to Vinicius Carrasco, Fall
RELEVANT POSITIONS	IMF Fund Internship Program 2018 Research Assistant to Professor Robert M. Townsend 2015-17
FELLOWSHIPS, HONORS, AND AWARDS	Macro Financial Modelling Dissertation Fellowship, BFI 2018 Emma Kastle Crob Fellowship, MIT 2015-16 Graduate Fellowship, Department of Economics, MIT 2014-15 FAPERJ Fellowship, MSc in Economics, PUC-Rio 2013-14 CNPq Scholarship, MSc in Economics, PUC-Rio 2012-13 First place in the National Graduate Admission Exam (ANPEC) 2012
CONFERENCES AND SEMINAR PRESENTATIONS	SAET (2016), IADB Workshop on Cost of Credit (2018), Central Bank of Brazil (2018, 2019)
RESEARCH PAPERS	<p>“Bank Competition, Cost of Credit and Economic Activity: Evidence from Brazil” (Job Market Paper) (joint with Bernardus Van Doornik)</p> <p>We use heterogeneous exposure to large bank mergers to estimate the effect of bank competition on both financial and real variables in local Brazilian markets. Using detailed administrative data on loans and firms, we employ a difference-in-differences empirical strategy to identify the causal effect of bank competition. Following M&A episodes, spreads increase and there is persistently less lending in exposed markets. We also find that bank competition has real effects: a 1% increase in spreads leads to a 0.2% decline in employment. We develop a tractable model of heterogeneous firms and concentration in the banking sector. In our model, the semi-elasticity of credit to lending rates is a sufficient statistic for the effect of concentration on credit and output. We estimate this elasticity and show that the observed effects in the data and predicted by the model are consistent. Among other counterfactuals, we show that if the Brazilian lending spread were to fall to the world level, output would</p>

increase by approximately 5%.

“Optimal Contracting and Spatial Competition among Financial Service Providers”

(joint with Robert Townsend and Victor Zhorin)

We present a contract-based model of industrial organization for markets characterized by information and other frictions (Moral Hazard, Adverse Selection, Limited Commitment etc.) and different market structures (Monopoly, Oligopoly, Competition), the latter driven by spatial costs, idiosyncratic preferences, and number of financial service providers. Our methods work in a variety of settings and links to recent literature: changes in the number of bank branches in the US or China, experiments varying intermediation in Kenya, and competition of local relationship banks with less-informed national banks. Model simulations show that interpreting reduced form evidence in a setting with interaction of contracting frictions and market structure can be misleading. Therefore, we derive a likelihood estimator for the structural parameters that determine contracting frictions and market structure and apply this to the Townsend Thai data on entrepreneurs and bank locations. Reducing spatial costs by 50% is equivalent to increasing consumption by 4.85%, which we compare to other policies. We also establish methods that do not need to specify both frictions and market structure depending on the counterfactual of interest and available data.

“Lending Rate Caps in Emerging Markets: Good for Growth?”

(joint with Damiano Sandri)

In many emerging markets, governments try to increase credit access and stimulate economic growth by imposing caps on lending rates. We analyze these policies by extending workhorse models with financial frictions to include a banking sector with market power. Caps are beneficial as they reduce credit costs but are also harmful as they crowd out risky borrowers which can access credit only at high interest rates, and thus have an ambiguous effect in current output and capital accumulation. To prevent crowding out of risky borrowers, in some emerging markets banks are permitted to charge uncapped rates on a share of their loans. This allows banks to service risky borrowers but generates capital misallocation since banks provide capped loans to less productive borrowers, while charging higher rates to more productive ones. In a calibrated version of the model, we show that the optimal policy to maximize steady state welfare involves relatively high caps on a large share of bank loans. The optimal policy decreases output today but increases capital accumulation through a lower cost of credit and thus output in the future. The model also reveals that caps may have a perverse effect of reinforcing market power in the banking sector since they may force less profitable banks to exit the market. Thanks to tractable aggregation properties, the framework can be used to analyze a broad set of alternative credit policies.

**RESEARCH IN
PROGRESS****“Credit and Economic Activity: The Role of Public Banks”**
(joint with Felipe Netto)

Despite evidence that lack of competition in the banking sector is detrimental for the economy, there is a limited understanding of the role of the public banks in affecting access to credit and economic activity. In this paper, we use a large-scale change in lending policy from public banks in Brazil to understand their role. Starting in March 2012, the Brazilian government attempted to use state-owned banks to induce competition in the financial sector. Specifically, public banks unexpectedly increased their credit levels by 20% and reduced interest rates by 7 percentage points when compared with private banks. Using detailed administrative data on firms and market level data on lending, we employ a difference-in-differences empirical strategy to identify the causal effect of the changes in lending policy by public banks by comparing banking markets with heterogeneous dependence of public banks. We find a large increase in lending consistent with the objective of the policy, but no effect on employment or wages, which indicates a limited role for public banks in affecting economic activity.