

Statement of research

I am a development economist working in three main areas: courts, household finance, and, more recently, political economy. However, I have broad interests in applied microeconomics. In terms of methods, I have 12 published or ongoing randomized controlled trials, 13 published or ongoing papers using observational methods, and 3 papers using structural econometric methods. Although geographically my research is concentrated in Mexico, this has happened because of convenience, and I am interested in doing research in other geographies. Even when I refer to myself in the description below, this work has been done with coauthors listed in my CV.

Credit markets and household finance

I have five published papers in household finance and I am working on three more. The first was "*Borrowing on the Wrong Credit Card? Evidence from Mexico*" 2017 at the AER. In this paper, we document that borrowers borrow on their most expensive cards for extensive periods of time, even when they can feasibly borrow on the cheaper ones they already have. This paper has given rise to a literature that studies consumers' biases in the use of credit cards, some of it published in the top 5 journals. I myself have papers exploring whether this lack of arbitrage is due to poor information. Together with Mexico's banking regulator, we designed large field experiments to improve disclosure requirements. "*Are Information Disclosures Effective? Evidence from the Credit Card Market*", 2017 AEA Policy Journal is one such paper. It finds that even aggressive consumer disclosures had negligible behaviors in credit card markets. This disciplines the large expectations policymakers have placed on consumer disclosures across many markets and suggests that more is needed to help borrowers make good choices. This research led me to advise Mexico's central bank on consumer protection issues. I am working on behavioral issues in pawnshop borrowing. In "*The controlled choice design and private paternalism in pawnshop borrowing*", we study pawnshop lending and show that borrowers who would benefit more from commitment are the ones choosing less of it. We use a novel design that allows us to recover average treatment on the treated and on the untreated, allowing us to talk about paternalism more rigorously.

I have also studied borrower search behavior in financial markets, particularly how it could lead to default externalities. Bizer and DiMarzo 1992 JPE showed that sequential banking ---or non-exclusive contracting--- can give rise to inefficient market equilibria. To our understanding, there was no empirical research showing the prevalence and empirical implications of sequential banking. In "*The Extension of Credit with Non-exclusive Contracts and Sequential Banking*", we show this behavior is prevalent and causes large increases in default risk market-wide.

In "*Digital Financial Services Go a Long Way: Transaction Costs and Financial Inclusion*," AER P&P we show that transaction cost and distance to branches lower household savings and how digital technologies ---even older ones like the debit card--- can increase savings. In "*How Debit Cards Enable the Poor to Save More*", we show that low trust is a major barrier to savings by lower-income households. Many households believe that financial institutions may steal their money, directly or through hidden fees. Giving them a cheap way to monitor the account increased their savings in formal bank accounts and total savings. I believe this is the first research estimating how low trust depresses savings, and how ATM cards increase savings by allowing households a cheap way to monitor their account.

While "*The Extension of Credit with Non-exclusive Contracts and Sequential Banking*" studies financial inclusion by directly studying the consequences of relaxing the credit score approval thresholds to pursue extra-marginal

applicants, we also study it in *"Contract Terms, Employment Shocks, and Default in Credit Cards"* (working paper). In particular, we document the tension between limiting default rates and expanding financial access in developing countries in credit card borrowing, which is increasingly how borrowers access formal credit. We use a nationwide RCT to study new borrower responses to large experimental contract-term changes for a card that accounted for 15% of all first-time formal loans in Mexico. We find default is high and unresponsive to large contract term changes but that plausibly exogenous job separation shocks have large effects on default, suggesting that interest-driven moral hazard is not the main limitation of financial inclusion but that "negative life events" might be more important. Finally, in *"The Long-Term Effects of Temporary Incentives to Save"* (working paper), we show that lotteries can be used to increase savings. I am working on projects around credit guarantees as part of industrial policies followed by dozens of countries.

Corruption and civic participation

We have brokered a research agreement between ITAM and the Mexican Electoral Authority (INE) to use their data for research, and investigate issues related to corruption, democracy, or civic participation. We have two published papers in this domain. The first, *"The Quality of Votes Tallies: Causes and Consequences,"* APSR 2020 studies the issue of human error in vote counting and how politicians have used them (successfully) to decrease trust in the electoral authority. In *"Voting with One's Neighbors: Evidence from Migration within Mexico"* JPubE 2021 we use the universe of Mexican voters and their migration patterns to show that voting is contagious, in the sense that citizens imitate voting behaviors from neighbors.

Motivated by the speedy decrease in preference for democracy worldwide and in Latin America, I am engaged in projects to understand why and what to do about it. First, in *"Democracy Corrupted: Apex Corruption and the Erosion of Democratic Values"* (Working Paper), we show that corruption by high-level politicians is very corrosive to participation in the organization of democracy and beliefs about the trustworthiness of politicians and other citizens. In terms of policies, in *"The role of equal status in prejudice reduction via interpersonal contact"*, we implement collaborative contact between more than one thousand pairs of citizens with opposing partisan sympathies, using the online medium and show that interacting under both equal and unequal status enhanced tolerant behavior immediately after contact; however, three weeks later, only the salutary effects of equal contact endured. I am also involved in two additional projects. One is an RCT in civic education for young adults, *"Protecting Democracy: Promoting Civic Values at Scale"*. An additional project is on nation-building. In *"Imagined Communities: Historical Narrative and Identity"* we test whether national identity and social cohesion can be enhanced by narrative and visits to museums and historical sites.

Courts and access to justice

We have been working for 7 years on a series of projects around labor courts. In spite of the pervasiveness of anecdotes about corruption and inefficiency in courts, there is a paucity of field experiment research. While many papers studying access to justice in developing countries have focused on the creation of new courts, we focus on how to improve existing ones and on what is causing court malfunction. In *"Information and Bargaining through Agents: Experimental Evidence from Mexico's Labor Courts,"* we show that parties are greatly misinformed and overconfident about winning and that this seems to be interfering with bargaining. We show that providing personalized (machine learning) predictions leads to better outcomes, but only when the worker receives the information directly, not through their lawyers, suggesting lawyer moral hazard. This research was influential enough to be included in a major labor law reform in Mexico and to inform the USMCA trade deal, with coauthor Joyce Sadka testifying in the US Congress about it. Led by these results, in a follow-

up paper, we are measuring lawyer quality using machine learning methods. We are creating a 2-sided platform to help workers and good lawyers match and to reduce adverse selection and moral hazard. We are working on 3 RCTs in this domain.

I am working on an RCT that studies how competition among bureaucrats can be used to fight corruption (*"Fighting corruption with competition"*). To start a lawsuit, parties have to be notified by a court employee, and there is endemic corruption in this process. In our surveys, more than 70% of surveyed lawyers claim that bribing the court's notifier is necessary. The problem is magnified by notifiers being monopolists over a geographical area where only they have notification rights. We compare the monopoly notifier status-quo with a rotation scheme that introduces competition across notifiers.

Health

I have two health-related papers, and I am working on two more. The first paper is about sin food taxes. *"The Effectiveness of Sin Food Taxes: Evidence from Mexico,"* studies a large national-level tax on sugary drinks and high-caloric foods. We show that substitution towards untaxed foods has rendered the tax ineffective in decreasing calories purchased. In a follow-up paper, *"Internalities and the effectiveness of taxing sugar-sweetened beverages"* (working paper), we are studying the longer-run effects of these taxes. Using a structural model that incorporates present bias and habit formation, we show that sugar taxes have 50% larger effects in the longer run and find evidence supporting habit formation and present bias in sugary drinks consumption. Documenting behavioral bias provides a rationale for government involvement, and to our understanding, there are few papers that do this for sugary drinks. Although taxes can be part of the solution for rising obesity, I am interested in complementary policies as well.

In *"The Impact of a Private Supplement to Public Health Care: The Mexico Diabetes Experiment"*. The paper conducts an RCT to complement the public provision of health care with private care. It uses what we believe to be an innovation in RCT methodology to document large decreases in Hemoglobin A1C. We show further that the benefit of private care seems to come from more quantity of care rather than better quality. We use large datasets from the government's Social Insurance Institute to document large positive fiscal externalities of the private complement. Even when we document the large benefits of the private supplement, a large fraction of patients abandon treatment. I am working on projects to understand treatment abandonment and its efficiency.

Market power

I am interested in Market power in developing countries. In *"Should the Government Sell You Goods? Evidence from the Milk Market in Mexico"* (working paper), we estimate a structural equilibrium model and show that government direct provision of milk can both increase milk consumption and increase consumer welfare by mitigating the market power of private suppliers. In *"Global Market Power"* we are estimating markups in more than 40 countries across many industries using BLP methods.

Other papers

I also have other papers about how to help small and medium sized firms. One is on procurement, *"Comparing Open and Sealed Bid Auctions: Evidence from Timber Auctions"* QJE 2011, and the other is on reducing regulatory burdens *"Entry Regulation and Business Start-Ups: Evidence from Mexico"* 2011 JPubE.