JEREMY MAJEROVITZ

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Academic Positions

2022–	Associate Economist (Postdoc), St. Louis Federal Reserve
2022–	Visiting Scholar (Postdoc), Washington University in St. Louis

Education

2022	MASSACHUSETTS INSTITUTE OF TECHNOLOGY *Ph.D. in Economics*
2015	STANFORD UNIVERSITY *B.A. with Honors in Economics, Secondary Major in Math*

Fields

Primary: Development and Macroeconomics

Secondary: Applied Econometrics

Teaching Experience

2021, 2022	14.76 - Firms, Markets, Trade, and Growth (Undergraduate and Master's Level)
2019, 2022	14.772 - Development Economics: Macroeconomic Issues (PhD Level)
2018	14.771 - Development Economics: Microeconomic Issues (PhD Level)
2018	14.75 - Political Economy and Development (Undergraduate Level)

Fellowships, Honors, and Awards

2019	Bank of Mexico Summer Research Program
2019–2020	Jerry A. Hausman Graduate Dissertation Fellowship
2017	George and Obie Shultz Fund
2016–2020	NSF Graduate Research Fellowship
2015	Sterling Award for Scholastic Achievement
2015	Firestone Medal for Excellence in Undergraduate Research
2015	Kennedy Honors Thesis Prize for Social Sciences

Professional Activities

Referee for Journal of Development Economics

Presentation at Bank of Mexico 3rd Conference on Financial Stability (2019)

Organizer of MIT Development Tea (2018–2022)

Co-Founder of EconREFs (Group devoted to improving graduate student mental health and well-being; 2018–2021)

Co-Organizer of MIT Application Assistance and Mentoring Program (Program for prospective PhD applicants from underrepresented backgrounds; 2020–2021)

Publications

"Childhood Environment and Gender Gaps in Adulthood" (with Raj Chetty, Nathan Hendren, Frina Lin, and Ben Scuderi). 2016. *American Economic Review Papers and Proceedings* 106(5): 282-88.

Working Papers

“Misallocation and the Selection Channel”
Abstract: An important determinant of aggregate productivity is the selection channel: the process by which less efficient firms are driven out of the market by more efficient firms. Conventional wisdom suggests that markets in developing countries are more sclerotic, allowing inefficient firms to survive that would have exited in a developed country. I provide a tractable model to examine the importance of the selection channel, and show how to calibrate it to panel data on firms. I use this model to show that the effect of the selection channel on aggregate productivity is approximately equal to the average difference in log productivity between stayers and exiters, which can be measured easily in firm panel data. Results for Indonesia, Spain, Chile, and Colombia suggest that Indonesia could raise its aggregate productivity by roughly 30% if its firm exit process became as selective as Spain’s. However, cross-country estimates suggest that the selection channel is not an important explanation for cross-country differences in output per capita.

“A Q-Theory of Banks” (with Juliane Begenau, Saki Bigio, and Matías Vieyra). *Under Revision for Review of Economic Studies*
Abstract: We propose a dynamic bank theory with a delayed loss recognition mechanism and a regulatory capital constraint at its core. The estimated model matches four facts about banks’ Tobin’s Q that summarize bank leverage dynamics. (1) Book and market equity values diverge, especially during crises; (2) Tobin’s Q predicts future bank profitability; (3) neither book nor market leverage constraints are binding for most banks; (4) bank leverage and Tobin’s Q are mean reverting but highly persistent. We examine a counterfactual experiment where different accounting rules produce a novel policy tradeoff.

“Consolidation on Aisle Five: Effects of Mergers in Consumer Packaged Goods” (with Anthony Yu)
Abstract: We study the effects of mergers in the consumer packaged goods industry, a sector that comprises approximately one-tenth of GDP in the United States. We match data on all recorded mergers

between 2006 and 2017 with retail scanner data. In comparison to prior work, which focuses on case studies of large mergers, our approach allows us to estimate the effect of a typical merger. Most mergers we study are highly asymmetric (a large firm acquires a much smaller firm) and rarely challenged. By studying these mergers, we provide new evidence on the effects of mergers on prices, quantities, product availability, and exit. On average, mergers lead to a short-run price effect at the target of 1% and declines in total revenue of 7%. These average effects hide substantial heterogeneity across different groups of mergers. Our results highlight the importance of effects not captured in the canonical model, such as effects on consumer surplus through changes in product availability, and through inefficient firms' capital being repurposed by more productive acquirors.

"How Much Can We Learn from Regional Data?" (with Karthik Sastry)
Abstract: Many prominent studies in macroeconomics, labor, and trade use panel data on regions to identify the local effects of aggregate shocks. These studies regress outcomes on the interaction of an observed aggregate shock with an observed regional sensitivity to that shock. We argue that the most economically plausible source of identification in this setting is uncorrelatedness of observed and unobserved aggregate shocks. Even when the regression estimator is consistent, inference is complicated by cross-regional residual correlations induced by unobserved aggregate shocks. We suggest two-way clustering, Driscoll and Kraay (1998) standard errors, and randomization inference as options to solve this inference problem. We also propose a more efficient optimal-IV estimator. We examine these issues in the context of Nakamura and Steinsson (2014)'s analysis of regional fiscal multipliers. We show that the standard practice of clustering by region generates confidence intervals that are too small. When we construct confidence intervals with robust methods, we can no longer reject fiscal multipliers closer to zero. The optimal-IV strategy shrinks standard errors by a factor of three. Our results underscore that the precision promised by regional data may disappear with correct inference.

Work in Progress

"Misallocation and MRPK: Evidence from Cash Grant RCTs"
Abstract: Macroeconomists have given misallocation a prominent role in explaining cross-country differences in output. If marginal products are not equated across firms, then the economy is not allocatively efficient. However, existing work has relied on strong functional form assumptions in order to measure marginal products. I show how to use RCTs on the effects of cash grants to entrepreneurs to inform macro models, and I clarify what assumptions are necessary for these cash grants to recover the MRPK. Results suggest a true variance of marginal revenue products of capital that is about half as large as that suggested by the Hsieh and Klenow (2009) model.

"Estimating Trends in Intergenerational Mobility by Race Using Multiple Data Sources"
Abstract: Both economists and the public are deeply interested in the degree to which a child's adult income is determined by her parent's income and race. Recent work by Chetty, Hendren, Jones, and Porter (2020) has shown, for recent cohorts, that black boys have much lower incomes in adulthood than do white boys, even after controlling for parent income. Moreover, their estimates suggest that the black-white income gap is already at its steady state: the gap will remain at its current level unless upward mobility improves for black children. This begs the question: has the black-white mobility gap been improving or worsening over time? Estimating intergenerational mobility by race for earlier cohorts has

been difficult to date because of data limitations: accurate estimates require large, high-quality data sets, and such linked data containing parent income, child income, and race are only currently available for recent cohorts. I provide a solution to this problem, using a GMM approach to combine panel data from the NLS and NLSY with cross-sectional data from the Census. The addition of the Census data imposes restrictions on the coefficients that allows for substantially more precise estimates over time. I find that the black-white mobility gap has been roughly stagnant, and has slightly widened, since the 1940s.