Alonso Villacorta
Stanford University

579 Serra Mall
Stanford, CA 94305
alonsovg@stanford.edu
http://web.stanford.edu/~alonsovg/
(650) 798-7703

Citizenship: Peruvian

EDUCATION

Ph.D. in Economics, Stanford University, 2011- present
M.A. in Economics and Finance, Centro de Estudios Monetarios y Financieros (CEMFI), 2008-2010 (with honors)
B.A. in Economics, Universitat Autonoma de Barcelona, 2004-2008 (with honors)

RESEARCH INTERESTS

Macroeconomics, Finance

SCHOLARSHIPS, HONORS AND AWARDS

2016	ESRB Ieke van den Burg Prize (Runner up)
2016-2017	Bradley Graduate and Post Graduate Fellowship Program, SIEPR
2015	MFM Group Fellowship
2012-2015	Franklin P. Johnson Fellow (Stanford Graduate Fellowship)
2011	Stanford University Fellowship
2008-2010	CEMFI, Graduate Studies Fellowship
2008	Premio Extraordinario, Universitat Autonoma de Barcelona

RESEARCH

"Business Cycles and the Balance Sheets of the Financial and Non-Financial Sectors"
(Job Market Paper)

I analyze the different roles of the condition of balance sheets of banks and non-financial firms in the dynamics of the economy. I propose a dynamic model where banks alleviate frictions between outside investors and borrowers (firms) and provide additional external financing. By lending to many firms, banks pool idiosyncratic risks and increase the collateral in the economy, allowing more funds to flow from lenders to firms. However, banks require net worth to intermediate as they hold aggregate risks on their balance sheets. Banks' and firms' net worth are both state variables. I show that non-linearities matter. In normal times, banks' and firms' net worth play the same role and their sum determines the allocation of capital. However, a new mechanism appears during financial crises, when banks' net worth

is critically low. Shocks to banks' net worth have an additional effect to standard financial frictions' models: less intermediation implies tighter constraints and lower collateral, which reduces investment and output. This happens even if the shock redistributes the net worth from banks to firms. I estimate the implied non-linear relation between output and banks net worth and find that the new mechanism accounts for 40% of the fall in output and 80% of the fall in banks net worth during the Great Recession. In addition, the mechanism improves 1-year forecasts by 20% for output and 40% for net worth. Finally, the model is consistent with the different dynamics of the loan share and credit spreads during the recessions of 1990, 2001 and 2008.

"Macroprudential Policy with Liquidity Panics" (with Daniel Garcia-Macia)
-Runner-up, 2016 European Systemic Risk Board Ieke van den Burg Prize

We analyze the optimality of macroprudential policies in an environment where the role of the banking sector is to efficiently allocate liquid assets across firms. Informational frictions in the banking sector can lead to an interbank market freeze. Firms react to the breakdown of the banking system by inefficiently accumulating liquid assets by themselves. This reduces the demand for bank loans and bank profits, which further disrupts the financial sector and increases the probability of a freeze, inducing firms to hoard even more liquid assets. Liquidity panics provide a new rationale for stricter liquidity requirements, as this policy alleviates the information frictions in the banking sector and paradoxically can end up increasing aggregate investment. On the contrary, policies encouraging bank lending can have the opposite effect.

"Optimal Lending Contract with Financial Intermediaries"

I develop a model where endogenous borrowing constraints and liquidation decision arise as part of the optimal long-term contract. This is a dynamic model with three agents: entrepreneur, outside investor and bank. Borrowing constraints appear because the entrepreneur faces limited liability and some source of moral hazard. I follow the moral hazard problem from Holmstrom and Tirole (1997), where banks have the ability to monitor firms and alleviate financial frictions. Optimal long-term contracts imply a relation between the capital structure and firm dynamics. I analyze the composition of debt during the life cycle of the firm, and its relation with firm size, age and probability of survival. The model implies a non-monotonic relation between bank credit and firm's size. Small and young firms tend to rely on bank credit. The relation with the bank increases as firms grow, but up to a point where they decide to leave the bank and rely only on direct credit. I also find that the presence of the bank increases survival probability, reduces borrowing constraints and increases firm value for all levels of equity, even for the firms that do not have banks credit in their capital structure.

"Credit Lines under Uncertainty Shocks"

I develop a dynamic agency model of financial contracting, where borrowing constraints appear as part of the optimal contract. The novelty of the paper relative to previous work is that volatility is stochastic and exogenous to the agent behavior. A line of credit appears in the optimal long-term contract similarly to DeMarzo and Fishman (2007). The novelty of the contract is that the credit limit varies over time, as a function of the state of volatility. Credit limit does not vary monotonically over firms. When uncertainty increases, credit limits are reduced for highly constrained firms, while it increases for less indebted firms.

TEACHING EXPERIENCE

2015	Teaching Assistant for Core Graduate Macroeconomics: Econ 210, taught by Monika Piazzesi, Stanford University
2015	Teaching Assistant for Core Graduate Econometrics: Econ 272, taught by Tom MaCurdy, Stanford University

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2010-2011	Econometrics I, Instructor, Universidad del Pacifico (Lima-Peru)
2010	Teaching Assistant, Advanced Microeconomics II (Master in Economics), Universidad del Pacifico (Lima-Peru)

RESEARCH EXPERIENCE

2015-2016	Research Assistant for Monika Piazzesi, Stanford University
2015-2016	Research Assistant for Martin Schneider, Stanford University

REFERENCES

Prof. Monika Piazzesi
Economics Department, Stanford University
+1 (650) 723-9289
piazzesi@stanford.edu

Prof. Martin Schneider
Economics Department, Stanford University
+1 (650) 721-6320
schneidr@stanford.edu

Prof. Chris Tonetti
Stanford Graduate School of Business
+1 (650) 725-7985
tonetti@stanford.edu