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Contact Information

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Education

Ph.D. Economics, University of California, Los Angeles, 2016 to present (Expected graduation: June 2022)
M.A. Economics, Universidad de los Andes; Bogota, Colombia, 2012 - 2014
B.A. Economics (*Cum Laude*), Universidad de los Andes; Bogota, Colombia, 2008 - 2012

Research Fields

Macroeconomics, Finance and International Macroeconomics

Research

Bargaining Frictions and Liquidity Provision: Evidence from the Money Market Funds Industry
(*Job Market Paper*)

What are the effects of bargaining frictions in funding markets? In this paper, I quantitatively assess the role of bargaining frictions in the transmission of aggregate supply funding shocks and the implications on the allocation efficiency of funding in the US Money Markets Funds Industry. To do so, I build a tractable model that features banks and funds trade bilaterally subject to an incomplete network of existing counterparties and bilateral bargaining. Bargaining frictions distort efficiency in the model through funds' monopolistic effects. I discipline my model using a rich dataset that contains the portfolio of the funds and includes information on bilateral prices and quantities. I show how to identify the key parameters of the model exploiting granular shocks of path-connected agents. I estimate the model using data between 2011 to 2019 and calibrate the initial distribution of prices and quantities in unsecured lending before the Covid-19 *dash for cash*. Using the observed changes in the assets under the management of prime funds from February to March 2020, my model can account for 70 percent of the price dispersion and 70 percent of the fall in total lending. The underlying reason that explains these findings is a relatively large market power of the funds, as my estimates suggest. This implies that there is a large dispersion in prices in the presence of large liquidity costs of funds and dispersion in the investment opportunities. I show that the allocation is inefficient, and that the planner would deviate more resources towards banks after the funding shock compared to the decentralized solution. Finally, I use my model to explore the effectiveness of the overnight repo repurchase program and find it is an important policy tool to decrease interest rates and price dispersion in unsecured lending from funds to banks.

Working Papers

The Macro-financial Effects of International Bank Lending on Emerging Markets

with I. Aldasoro, F. Grinberg and T. Mancini-Griffoli. *Submitted*

Banking flows to emerging market economies (EMEs) are a potential source of vulnerability capable of generating boom-bust cycles. The causal effect of such inflows on EME macro-financial conditions is hard to pin down empirically and should be key to well-informed policy design. We provide novel

empirical evidence on the effects of cross-border bank lending on EMEs macro-financial conditions. We identify causal effects by leveraging the heterogeneity in the size distribution of bilateral cross-border bank lending to construct granular instrumental variables for aggregate cross-border bank lending to 22 EMEs. We find that cross-border bank credit causes higher domestic activity in EMEs through looser financial conditions. Financial condition indices ease, nominal and real effective exchange rates appreciate, sovereign and corporate spreads narrow, and domestic interest rates fall. At the same time, real domestic credit grows, real GDP expands, imports rise, and housing prices increase as well. Effects are weaker for countries with relatively higher levels of capital inflow controls, supporting the view that these policy measures can be effective in dampening the vulnerabilities associated with external funding shocks.

Fellowships and Awards

2021 Dissertation Year Fellowship, UCLA
 2021 Best Paper Award, Proseminar in Macroeconomics, UCLA
 2020 Outstanding Teaching Assistant Award, UCLA
 2020 Outstanding Teaching Assistant Award, UCLA
 2020 Lewis L. Clark Graduate Fellowship
 2016-2020 Fellowship, Department of Economics, UCLA
 2008-2012 *Mario Galan Gomez* scholarship for undergraduate Studies.

Research Experience

2021 Dissertation Fellow, Federal Reserve Bank of New York
 2020 Summer Research Fellow, Bank for International Settlements Graduate Programme
 2019 Fund Internship Program, IMF
 2018 Research Assistant for Professor Pablo Fajgelbaum

Work Experience

2012 - 2016 Economist, Macroeconomics Modelling Department, Central Bank of Colombia

Teaching Experience

Teaching Assistant, University of California, Los Angeles

Graduate Level

Advanced Macroeconomics: Dynamics and Growth Theory	Fall 2020
Advanced Macroeconomics: Topics in International Macro and Trade	Spring 2020
Advanced Macroeconomics: Topics in Macroeconomics	Spring 2019

Undergraduate Level

Principles of Economics	Winter 2021, Winter 2020
International Trade Theory	Winter 2019, Fall 2019
Macroeconomic Theory	Winter 2018, Spring 2018, Fall 2018
Introduction to Econometrics	Summer 2018
Topics in Macroeconomics: Economic Growth	Fall 2017

Teaching Assistant, Universidad de los Andes

Advanced Econometrics	2014-2016
Advanced Macroeconomics	2015-2016
Advanced Time Series Econometrics	2013-2014
Advanced Game Theory	2012

Other Professional Activities

Conferences

2021	Federal Reserve Bank of New York
2021	ASSA 2021 Annual Meeting Poster Session
2020	EEA Virtual 2020, Paper Presentation
2019	Summer FIP seminar, IMF

Other Information

Computational Skills

Software: Stata, MATLAB, R

Programming languages: Java, C++, Python

Languages

Spanish (native), English (fluent), Italian (basic)

References

Pierre-Olivier Weill
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